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GUILD PRINCIPLES IN WAR AND PEACE

PRINCIPLES IN WAR AND PEACE

BY

S. G. HOBSON

AUTHOR OF "IRISH HOME RULE—THE LAST PHASE"
"NATIONAL GUILDS" (WITH A. R. ORAGE)
"LETTERS TO MY NEPHEW" (ANTHONY FARLEY)

WITH INTRODUCTORY ESSAY BY

A. R. ORAGE

EDITOR OF *THE NEW AGE*



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FOREWORD

My acknowledgments are due to the Editors of th *Contemporary Review*, the *Herald of the Star*, and th *New Age*, for permission to republish these essay Although apparently unrelated, with some consequen tial redundancies, they present, I think, a reasonabl consecutive statement of the arguments and con siderations that have impelled me to advocate th abolition of the wage-system and the formation o National Guilds. The largest section of this book the "Permanent Hypothesis," is in part a critiqu of the Garton Reconstruction proposals and in pa an experiment in the application of Guild principles t immediate problems.

S. G. H.

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GUILD PRINCIPLES IN WAR AND PEACE

INTRODUCTION

In the following essays my colleague on the *New Age*, Mr. S. G. Hobson, has set himself to the task, among others, of examining the problem of Unemployment with a view to proposing a solution of it. He deals, it will be observed, mainly, if not entirely, with what may be called the normal and necessary unemployment involved in the wage-system itself. For it becomes obvious under his analysis that, far from being an occasional, vestigial, or superfluous feature of capitalist industry (or Production for Profit), Unemployment, or the existence of a reserve of Labour, is an essential condition of it. How much or how little of Unemployment or Labour in reserve may be necessary from time to time is determined at any given moment by the state of the market. When the market is depressed, having been, we will suppose, temporarily satisfied, the reserve of Labour or Unemployment tends to reach its maximum. When, on the other hand, the market is in full swing, the reserve of Labour tends to fall to a minimum. Never,

however, under normal circumstances does this minimum disappear into nothingness; nor, since Unemployment is a function of capitalist industry, can it be made to do so. Much or little, a maximum or a minimum reserve or stock of Labour on hand, capitalist industry requires Unemployment as certainly as it requires Employment.

But if Mr. Hobson is correct in concluding that this is the case, and Unemployment is in reality an indispensable function of modern industry, the question must be raised whether the cost of maintaining the function should not in justice fall upon those in whose interest it is discharged. For many years, as we know, the main cost of Unemployment was made to fall upon the Trade Unions whose economic function, indeed, was primarily that of maintaining this reserve. Later, however, the State itself came to the support of the Trade Unions, though in such a manner that in effect its maintenance was confined to the unemployable. And, later still, by means of Part II. of the Insurance Act, the Employers proper were brought into responsibility as regards selected trades, by being required to contribute to a fund composed of sums drawn from the State, the workman, and themselves in roughly equal amounts, out of which the reserve of Labour in the scheduled trades might be maintained. What is here contended, however, is that this division of the cost of maintaining the unemployed, though fair in appearance, is in fact more plausible than just. Precisely in so far as a reserve of Labour is necessary to any industry, provision for its maintenance should, it is claimed, be made by the industry and by the industry alone. The State, it is plain, has only an

indirect interest in maintaining the unemployed—the indirect interest, namely, of safeguarding order. The Trade Unions, likewise, have an interest secondary to that of the industry itself, since their only object in undertaking the support of their unemployed is the maintenance of their own Union. Only the Employers, therefore, have a direct interest in the matter; and one which, besides being essential, is comparable to other of their functions. In what way, for instance—sentiment apart—does either the necessity or the obligation to maintain a reserve of Labour differ from the admitted necessity and obligation of the employer to maintain his reserves of mechanical power, horse-power, or raw materials? In none of these instances does he expect the State or other corporations to assist him in bearing the cost of maintaining a reserve,—why, then, should he expect the cost of his Labour-reserve to be borne by others? The reply, of course, is that it is due partly to custom and partly to the circumstance that in fact the employer *is* able to throw the cost of his Labour-reserve upon others. But not only is his right to do even what he can here challenged, but proposals are made for instantly laying upon his shoulders a burden which was always properly his own, but which hitherto he has shifted to the shoulders of the State and the Trade Unions. In short, Mr. Hobson's suggestion is that in future every industry shall bear its own burden of Labour-reserve, without the aid of either the State or the Trade Unions.

Both the foregoing problem and the foregoing solution are, however, to be distinguished from the particular problem and the correspondingly particular

solutions which must be presented and offered for the unemployment caused by the war. A certain amount of unemployment, varying between a maximum seldom exceeding 10 per cent. and a minimum seldom falling below 4 per cent. is, we have seen, a permanent necessity of modern industry; and it constitutes, therefore, a normal problem to which the normal solution proposed by Mr. Hobson may very well apply. But the unemployment which it is inevitable that the war will leave in its trail is so far from being normal in character or susceptible of normal solutions that, like the war itself, it should be regarded as a *lusus naturae*, a unique phenomenon. It is true, of course, that intelligence would still suggest that in dealing with a unique phenomenon we should have regard to normal circumstances. As the world is not always at war, and they are wisest who conduct war as if peace would one day return, so also the conditions of unemployment that will prevail after the war will not prevail for ever, and they would be wisest who deal with it without prejudice to the normal conditions that will ultimately be restored. At the same time, it is no use blinking our eyes to the facts that the after-war problem of unemployment is unique, that the solution for chronic and normal unemployment is inapplicable to it, and that the best we can hope from it is a solution which, while offering no permanent remedy for the normal condition of unemployment, does not prejudice such a remedy, but, on the contrary, as far as possible facilitates its more speedy application. In a word, the best we can hope for of any solution of the special problem of war-unemployment is the reduction of the swelling to its normal

dimensions, and, without prejudice to the remedy proposed by Mr. Hobson for the radical and chronic condition.

In order to arrive at an appreciation, however, of the character of the special problem that will be presented to us, it is necessary to review briefly the means by which the problem itself has been created. In general it may be said that what we have had to do during the progress of the war is to actualise an enormous amount of Labour which hitherto has been only potential. But this transformation is itself an economic change of considerable importance; for the differentiation of merely potential from actual Labour-power is the differentiation of Labour normally not upon the market from Labour actually upon the market. It is clear, in fact, that as a result of the war we have made marketable a quantity of Labour, running into millions of units, which hitherto was unmarketable or only potentially marketable. And it is no less clear, on reflection, that the transformation backwards—the restoration, that is, of actual Labour to its pre-war state of potentiality simply—is likely to be difficult, if not impossible.

The transformation, it will be observed, has been brought about by various means. In the first place, it has been brought about by the addition to the Labour-market of hundreds of thousands of people who, under ordinary circumstances, would never have been in the actual Labour-market at all, though always, of course, constituting its potential source of supply. Next it has been assisted to a degree beyond calculation by the removal of the restrictions that have hitherto confined skilled work to skilled men; by

the conversion, in short, of merely potential skill into actual skill. Finally, it has been intensified by the use that has been made of labour-saving machinery, methods of organisation, hours of labour, and similar devices for increasing, by economy, the actual Supply of Labour. And all these modes of converting potential into actual Labour have had the effect, in terms of economics, of creating a Supply of Labour and of enlarging it beyond anything that was ever contemplated as possible under normal circumstances.

The question must now be asked, What is to be done with this specially created Supply of Labour when the war, that called it into marketable being, is over? There are several possible replies which must briefly be examined.

The first reply is virtually to assume that the problem will solve itself under circumstances similar to the circumstances that produced it. We may expect, so runs the case, that precisely as the special needs of the war called from potential into actual existence so many thousand or million labour-units, as many units will return voluntarily to their potential condition when the special demand for their services has passed away. They danced, in fact, when the war piped; and they will cease to dance when the war pipes no longer. But this pleasing hypothesis of a self-adjusting problem takes no account of the profundity of the change involved in the transformation that has actually taken place. If it were, indeed, only a question of returning to stock mere commodities without any will of their own, we might entertain the hope that as soon as the special demand for Labour which the war has created had passed away, the special

supply would likewise cease to offer itself, and take itself off the Labour-market to the easy relief of the congestion that must otherwise threaten it. But, in fact, the commodity of Labour differs from other commodities in being inseparable from the psychology of human beings in general. Labour, in short, is both a commodity and a human being. It follows, therefore, that in considering how the special war-supply of Labour is to be disposed of after the war, the human elements of which it is partially composed must be allowed for as well as the factor of Labour-power itself. The reconversion of actual back to potential Labour, as has already been said, is not so easy as the conversion itself; and how difficult the conversion has been the legislation of the war bears witness. But when, in addition, the process of re-conversion is likely to be opposed both by the actual Labour itself and by considerable sections of public and capitalist opinion, the chances of its natural transformation, without rational direction, are small. We must conclude, in fact, that under no conceivable circumstances will the present actual Supply of Labour resume its former dimensions without special effort on the part of society and the State—efforts, moreover, as great as, if not much greater than, the efforts that were required to enlarge it to its present size.

A second reply, no less optimistic but no less speculative, is as follows: that great as may now have become, in consequence of the war, the actual supply of marketable Labour, the demands of Peace will equal it. In other words, owing to the ravages of the war, the arrears of necessary work, the accumulated appetites of various markets, and the fresh energy

of production, the demand for Labour, even when the special demands of the war have ceased, will absorb the present supply, including so much of the specially created supply as does not at once relapse into potentiality and disappear from the Labour-market. Nobody, of course, can prophesy with certainty ; and it would be unwise to deny that either the foregoing or the earlier answer to our question of what is to be done with the war-labour after the war may possibly prove correct. Conceivably, that is to say, either the special problem of the specially created Labour-supply will solve itself by the voluntary withdrawal from the market of all those units which have been brought in by the war, or demand in peaceful spheres will spring up as fast as it dies in the area of war and absorb the Labour as effectively as the war has employed it. Both, we repeat, are conceivable ; but neither, we must say, seems reasonable. For, in regard to the second reply, we may observe that War is a customer of such an appetite that the resources not only of Labour at home, but of Labour in all parts of the world, have been needed to keep it satisfied. Where is there any sign of an industry springing up immediately upon the heels of war, capable of an effective demand, in this country alone, of five millions sterling a day ? Moreover, it is not altogether the case that the destruction caused by the war will of itself create an effective demand for commodities corresponding to the losses sustained. Demand, in the sense of want and need, there will surely enough be in every country that has passed through the fever and inflammation of the war ; but effective demand in the market sense—demand, that is, bearing money in its

hand—is certain in every war-stricken country to be for several years less than it was before the war. Under these circumstances, with the best will in the world for production, and with every intention of employing every unit of Labour that has found employment during the war, we cannot expect that anything like all those units will, in fact, find employment; but, on the contrary, we must expect a volume of unemployment as much larger than the normal by the amount by which the normal Supply of Labour has been increased.

This being, as far as can be seen, the inevitable outcome of leaving the problem to solve itself, or to be solved by the mere hope that the demands of peace will instantly equal and remain equal to the demands of war, it becomes advisable to consider some special measures for reducing the abnormal swelling of the Supply of Labour. And we have, in this method of approach to the problem, the advantage of reason over chance, the calculable over the incalculable, and the certain in place of the uncertain and speculative. On the face of it, indeed, the problem, properly approached, affords us an unparalleled opportunity not, perhaps, for the solution of the chronic problem of the reserve of Labour (to which Mr. Hobson's more drastic remedies are applicable), but for the scientific and rational classification of our national Labour-power according to the degree and kind of its economic utility. Consider, for example, how much easier the problem of mobilising our Labour-resources would have been had there existed, when the war broke out, a complete classification of Labour-ability by grade and by potentiality. All that would then have been

necessary as the demands of the war increased would have been to call into the Labour-market, grade by grade, the reserves, first actual and then potential, and to allot to each of them a function in industry corresponding to their ability. In place of the chaos with its enormous extravagance that prevailed, we might have had comparative order with comparative economy. And it will be a blunder of the first magnitude if, now that the opportunity of making such a classification at our leisure is presented to us, we do not ensure ourselves against the repetition of our proven mistakes and neglects. What is it that we are suggesting? It is that we should *select* from the inevitable surplus of Labour that will result from the war, the amount and kind of Labour to put back into our reserves. Not leaving the selection to chance, we ought deliberately to determine and define, in advance of the actual circumstances, the classes and quantities of Labour which, on the return of peace, must be taken out of the Labour-market and restored to its pre-war state of simple potentiality.

Nor is the criterion for such a selection by any means as difficult to discover as it might at first sight appear. It must, in the first place, be economic—having regard, that is, to the relative utilities in actual industry of the Labour in question. And, in the second place, it must be humane—in other words, the selection must commend itself to the sentiments of common humanity. With these two principles to guide us, it should not be impossible or even difficult to solve our special problem of war-unemployment, not only on its own account but with advantages to society in general, the magnitude of which might almost compensate us for the

cost of the war. Let us now consider the method in a little more detail.

There is a phrase of which we may make use which, in a broad way, expresses the general idea we have in mind. It is the "un-dilution of Labour," or, if you prefer it, the re-concentration of Labour. Familiar as we have become with the meaning of the phrase, "the dilution of Labour," the undilution of Labour may be said to convey the idea of the reversal of that process, or the elimination from the actual Labour-market of the elements with which, in response to the demands of the war, it was diluted. The question now presents itself, therefore, in this form: In view of the two considerations above referred to, namely, the economic and the humane, what elements existing actually in Labour at this moment would it be wise to draw off from the Labour-market and to place into reserve, as soon as the war has come to an end? By what subtractions from actual Labour, in short, shall the undilution we are in need of be brought about? No general answer is possible, and we should be unwise to seek it; but by whittling away, as it were, at the problem an answer is surely to be discovered. Let us approach it from each end to begin with. First, it would appear to be both rational and humane if that section of Labour represented by the aged or comparatively aged workers were definitely withdrawn from the Labour-market, by means of a considerable lowering of the age for the receipt of an old-age pension. At seventy, which is now the statutory age for the retirement of the working classes, men are not only economically of positively small value, but in a variety of ways they cost industry a

great deal more than their contribution. For the army of industry, like the military army, can travel no faster than its slowest arm. We should, therefore, propose, for the relief of industry, for the relief of the Labour-market, and for the relief of the working classes themselves, the lowering of the age for retirement from seventy to sixty, together with the raising of the pension-allowance from five to fifteen shillings for a single person and from ten shillings to twenty-five for a married couple. Next, and at the other end of the scale of Labour, it is desirable upon every ground, civic, economic, and humane, that the statutory age for the admission of young people into industry should be raised from fourteen to eighteen. The waste involved in the premature employment of boys and girls is colossal. Nor only is their actual value in industry comparatively soon exhausted, leaving them slaves of routine and of little more utility than mechanical tools of a simple type, but their value forgone, their potential value which might, under proper treatment, have become actual, is lost together with the joy of their youth. Every consideration that reason can bring to bear upon the problem before us dictates the instant restoration to our reserves of the Labour now employed between the ages of fourteen and eighteen.

Another means of approach to our problem of reducing the abnormal swelling which the Supply of Labour has undergone, is the restoration or the institution in industries generally of the reduced working-day. Experiences gathered during the war have proved unmistakably that, even when every motive of patriotism and profit has been concentrated upon the

will of the worker, his proper economy of working consists rather in reducing than in increasing his hours of daily labour. And if this has been shown to be the case when the circumstances are the most favourable to long hours that can be imagined, how much more must it be the case when the circumstances are as unfavourable as they will become when these special motives are no longer operative. Not only, indeed, would a shorter working hour appear to be indicated as a true economy, both for the moment and for the future, but we would even urge the economy of more frequent and longer periods of rest or of holiday. Were it not the fact that the exertions made during the war will infallibly require (as they also deserve) a period of comparative rest to follow them, if the nation, in its weakest parts, is not to become permanently invalid, it would still be wise, in view of all we have said, and of our special problem in particular, to institute more holidays for the working classes, if only as an economic means of reducing the actual Supply of Labour to its probable demand.

Finally, it must be admitted that when all these measures have been taken, when Labour over sixty and under eighteen has been removed from the Labour-market, and when the Supply of Labour has been still further restricted by the institution of shorter working hours and of longer holidays, there will still remain (so enormous has become our actual Labour-power) a Supply of Labour in excess of any permanent commercial demand that can at present be foreseen. Still further to reduce our Supply and to bring it more exactly within the compass of the probable Demand, we suggest, therefore, in addition to the foregoing

measures, the institution of State or national service of an economic character: works, that is to say, of public utility and designed to carry out the exploitation of our natural resources on a scale beyond the means, but not beyond the needs, of ordinary industry. Consider, for example, the opportunity presented by the demobilisation of the troops for their re-enlistment and immediate re-employment in works, perhaps more congenial to them than war, such, for instance, as the re-afforestation of these islands, the restoration of our water-ways, the rebuilding of our villages and city slums, the organisation of mechanical distribution—works, every one of them, as economically valuable as they are certain, if left to private enterprise, to be neglected. Is it impossible that the self-same State that has known how to employ on national preservation four or five million men cannot find employment on national well-being for a million if need be? By some such action, calculated, as it is, to draw off from the swollen Labour Supply left by the war a considerable part, and, in conjunction with the other measures already enumerated, our particular problem would, at any rate, be solved; and we should have solved it by orderly, rational, and economic means such as would bring us, as a nation, both credit and profit.

Thereafter the problem of functional unemployment, as defined and considered in the following essays, would become susceptible of the method of treatment suggested by my colleague, the author of them. In a double sense, therefore, this present essay is an Introduction.

A. R. ORAGE.

CHAPTER I

The Genesis of National Guilds

If, in the months before the war, our statesmen were anxious and preoccupied, so also were our industrial leaders. The Labour World was in eruption, boding ill for future industrial peace. The strikes of 1913 and 1914—the miners, the railway and the transport workers—presented new and perplexing aspects. For not only did they mark a reversion from the political methods that had prevailed for a decade, but they showed a larger cohesion and a wider view of the ultimate purpose of unified organisation. Nor is it without significance that these strikes were followed by the triple alliance between the three unions concerned. The national unity induced by the war has obscured these industrial issues; they still smoulder under the surface. Schemes of reconstruction that ignore this fact are doomed to disillusion.

To appreciate the situation in 1914, it is necessary to glance back over the preceding years. In the late 'eighties and early 'nineties, the Trades Union Congress was a respectable and highly conservative body, composed almost exclusively of skilled workmen. It was content to maintain the *status quo* as between itself and the employers; it seemed equally content

to let the unskilled workers fight their own battle in their own way. Its leaders, of whom Mr. Broadhurst, M.P., and Mr. Pickard, M.P., were the most powerful and representative, were in their small way prosperous and content, anxious not to be disturbed in their little kingdom. Three events rudely shattered their quietude : the Dock Strike, which called into industrial and political consciousness a large army of unskilled workers ; the Taff Vale judgment, which upset the basis of Trade Union organisation ; the advent of the Independent Labour Party, which spread rapidly through Yorkshire and Lancashire, and speedily transformed the ideas and purposes of a large section of the skilled trade-unionists. The dock strike compelled the Trade Union Congress to take under its wing the unions of unskilled labourers that had sprung into existence as an outcome of the strike.

This was but the culmination of the economic development of automatic machinery, which had given to a host of unskilled workers a footing in industry not easily to be distinguished from their skilled brethren. Certainly the engineers had learnt their lesson, the Pallion forge dispute, so disastrous and exhausting, being fresh in their memory. But the real upheaval came in the combined effects of the Taff Vale judgment and the Socialist propaganda. The Socialists, particularly the Independent Labour Party, urged from a thousand platforms that the strike was an effete weapon ; that organised labour must exert its political power to achieve its objects. " Not the strike but the ballot ! " In this way, Labour plunged into its political adventure. Whilst the strike was, in fact, never abandoned and occasionally resorted to, the nervous energy of

Labour was spent upon politics. It was sincerely believed that Parliament, in its majesty, would give to the wage-earner what he had failed to obtain by union negotiations or by strikes.

The arrival in the 1906 Parliament of a phalanx of forty Labour members, independent in form, if not in fact, of the "orthodox" party whips, seemed a portent, and was regarded with an unquiet sense of foreboding by many "old Parliamentary hands." For the first session or two, the new party got very much what it demanded. Indeed, it is probable that, had it put its claims higher, they would have been conceded. In all the industrial constituencies of England and Scotland there was an ominous ferment not lightly to be disregarded by politicians, whose first thought is the security of their seats. It really seemed as though a new landmark had been reached in our political history. But apart from the fact that the new party had been badly led, no political leader of genius or even of ordinary competence having been evolved, industrial developments were only too swiftly proving that economic power inevitably shapes and moulds political power.

Feeble though the Labour Party had proved itself to be in political acumen, singularly lacking though it was in courage (the greatest quality in politics), the fatal criticism had finally to be levelled against it that even as it sat in Parliament, acquiring Parliamentary habits, as though fey to the soil, profits were mounting by leaps and bounds, and the purchasing capacity of wages was shrinking. The *Board of Trade Report on Wages*, issued in 1913, may be said to mark the decline of the political Labour

Party. This report disclosed the precise incidence of the prosperous period, 1906–1910. Nominally, wages in those years rose 6 per cent., but real wages showed a decline of 10 per cent. In the Labour constituencies, combined rent and retail prices rose from 10 per cent. in Barrow, Dundee, and Glasgow, to 16 per cent. in Blackburn, Bolton, and Stockport. (Incidentally, it is worth noting that whilst rents increased 1·8 per cent., prices advanced 13·7 per cent.) It had become painfully clear that political action, from the wage-earner's point of view, was a failure, or worse.

Economists are agreed that wages is the price paid for labour as a commodity. I do not think that amongst political economists there is a single dissentient voice to that proposition. The human side of labour may in our social life call for sympathetic consideration; in the strict economic sense it is a commodity, the value of which fluctuates with demand and supply. From this conclusion there is no escape, for rent, interest, and profits can only be paid on the margin secured by the *entrepreneur*, who buys labour for x, and sells it in its congealed form for $x+y$. That is the foundation of our existing social and industrial system.

It was not always so. If we examine old bills and accounts of the mediæval period, it is interesting and suggestive to observe that the wage-bill was always rendered as distinct, and without addition to the contractor's total account. He made his profit (if it could be so called) out of the materials plus his own labour. I have never seen any moral comments upon the point, but I am inclined to the view that to have made a profit, at least in that barefaced way,

would have been regarded as dishonest. It is, however, a distinction without much practical difference, for wages, then as now, were based upon the cost of subsistence. But the difference at least had this significance: it separated and distinguished the human element from the non-human commodities for which the lord of the manor ultimately paid. In these days, when pure economics tends to be submerged in a rather inchoate sociology, the strict economic meaning of wages is apt to be obscured. The sociologist thinks of the man, with small satisfaction to himself or his argument; the economist thinks of the labour. It puzzled Marshall, who sometimes takes a wider view than his subject strictly warrants:

"The next of those characteristics of the action of demand and supply peculiar to labour, which we have to study, lies in the fact that, when a person sells his services, he has to present himself where they are delivered. It matters nothing to the seller of bricks whether they are to be used in building a palace or a sewer; but it matters a great deal to the seller of labour, who undertakes to perform a task of given difficulty, whether or no the place in which it is to be done is a wholesome and a pleasant one, and whether or not his associates will be such as he cares to have. In those yearly hirelings which still remain in some parts of England, the labourer inquires what sort of a temper his new employer has, quite as carefully as what rate of wages he pays."

Marshall's point bears, in part, upon the problem of the mobility of labour, but it also asks the really vital question, how far we can distinguish the man from his

labour. As stated, it may seem remote from practical affairs ; it is, in fact, highly pertinent, for it raises the living issue of Labour's *status*. Because the worker must go and be where his labour is sold, because his labour is all that he possesses, how far is he removed, in his life and person, from the economic valuation of his labour as a commodity ? But, strictly considered, the fundamental fact, common to every kind of wage, is the absolute sale of the labour commodity, which thereby passes from the seller to the buyer, and becomes the buyer's exclusive property. This absolute sale conveys to the buyer absolute possession and control of the products of the purchased labour, and stops the seller of the labour commodity from any claim upon the surplus value created, or any claim upon the conduct of the industry. The wage-earner's one function is to supply labour power at the market price. That once accomplished, he is economically of no further consideration.

The National Guildsman's answer is, *sans phrase*, to throw the labour commodity theory into the discard. He contends that labour is something more than a commodity, because the human element enters into it ; that it is, in fact, a " dominant," if I may detach a Mendelian term ; that any scheme of values, any *tableau économique*, based on that theory, cannot stand the modern analysis, and must sooner or later fall to pieces. We are in good company. In a recent letter to the *Times*, that distinguished lawyer, Lord Wrenbury, also rejects the theory. Noting the want of harmony between Capital and Labour (he has previously argued that the labourer, in his own way, is a capitalist) and seeking for the explanation, he

remarks: "Principally because while both employer and employed contribute to production, the thing produced belongs to the employer to the exclusion of the employed. This fact lies at the root of all industrial discontent." His conclusion is that "that man will have solved the problem who finds the way to give the employed upon commercial principles a share and interest in the thing produced."

The logic of this pronouncement carries us a stage beyond profit-sharing; it involves partnership. Profit-sharing is to reap a profit on the purchase and sale of the labour commodity and its products, and then to distribute some part of it amongst the employees. It certainly does not postulate "a share and interest in the thing produced." If I have a share and interest in the productions of some company or firm, I am undoubtedly, in some degree, a partner. I do not, of course, wish to strain Lord Wrenbury's meaning. I gather that he does, in fact, favour some form of profit-sharing, but undoubtedly the definite concession of a share and interest to Labour constitutes a partnership. In my opinion, it is a partnership that is inevitable.

Lord Wrenbury, if he can carry the capitalist forces with him, has inscribed a new charter of labour. I hope he will not be shocked when I tell him that, so far as he goes, he is in harmony with that new school of economic thought which finds expression in a call for National Guilds. The practical question arises, however, how to crystallise his dictum into action. It cannot be a partnership as between the employers and the individual employees, for that way lies stagnation. The employees, having secured "their share and

interest in the thing produced," would become a little close corporation. Having regard to the fluctuations of employment, " the mobility of labour," the partnership must be between the employers and some representative body of the employees—the trade-union, in short. And why not? The trade-unions cannot remain in their present indeterminate position. Either they must be destroyed or brought into closer organic relations with industry. I may remind employers that all previous attempts to smash the unions have failed. They cannot be destroyed; they are too deeply rooted in our industrial life. Lord Wrenbury could do no greater service than to draw up a treaty of industrial peace between organised capital and organised labour, conferring upon labour that " share and interest in the thing produced," which he recognises to be at the root of all industrial discontent. I would merely venture to warn him that we have intellectually travelled beyond that system of arbitrarily supplementing wages known as profit-sharing; that, in any event, it is incompatible with the existing industrial system. The logic of his argument leads to partnership; so also does the logic of events.

If, then, we look beyond the dislocations of war, and have regard only for those industrial conditions that persist, two new factors emerge: the imperative need for a change in the wage-earner's *status*: and a definite recognition of partnership. The first is, of course, involved in the second. But more also; for the spiritual and psychological results flowing from a new and higher *status* of the wage-earners would, I trust, finally remove all fears that the servile state is

upon us. It is, however, when we come to discuss partnership that our troubles begin.

Hitherto, I have referred only to the manual labourers, using the word Labour in its generally accepted sense. We must not, however, disregard the claims of the middle and lower-middle sections of the community—the brain workers, as they prefer to be called. They, in their own way, contribute to the production and distribution of wealth. Yet, indeterminate though the position of the trade-unions undoubtedly is, how much more indeterminate is that vast mass of industrial and commercial society, the " salariat," daily and hourly engaged in a struggle to which the gloomy pen of George Gissing did but faint justice ? The manual worker, hardened by spells of unemployment, by strikes and lock-outs, by ever-recurring changes in the methods and channels of production, has acquired a certain cheerful stoicism ; but who, as yet, has plumbed the miseries, the carking cares and fears, the thwarted petty ambitions of the underpaid clerk, the foreman, the under-manager, the small tradesman, the commission agent, the hard-driven commercial traveller ? Even if their struggle be mainly directed to the maintenance of a certain respectability, however shabby, and motived by a rooted determination not to descend into the ranks of the wage-earners, shall we be the less sympathetic on that account ? I do not doubt that economic pressure must ultimately squeeze out of existence a number of non-economic middle-class occupations (every type and grade of " tout," for example), but when all allowance has been made, this fact remains indisputable : the middle and lower classes contribute their

share to the work of the nation and cannot, therefore, be equitably excluded from a " share and interest in the thing produced." Or, put in other words, the salariat and labour are equally interested in the organisation of industry and the form of remuneration to be adopted.

If the middle classes were as easily classified as the proletariat, our task would be relatively simple. But the difficulty is that, regarded statistically, the great majority are nondescript. Nor has it escaped the attention of the capitalist leaders that their policy is to divide the middle classes and conquer. This is done by attaching the managerial elements, and by grading every kind of administrative post, however lowly, as higher in esteem than manual work. Nevertheless, when the lure of social superiority has played its part to the utmost, the middle-class residue remains unsatisfied, its claims are substantially rejected, gradually yet certainly it approximates in sympathy and purpose to the proletariat. The railway clerks are a case in point. They are now actively associated with the Railwaymen's Union. And there is a clerks' trade-union already in existence. The " residue " is, I suspect, the majority.

Now, assuming that organised labour has won its way through to some form of partnership (unorganised labour could never do it), it follows, I think, that a totally new relation is established between the management and the manual producers. No doubt one can foresee endless friction and irritation. Nevertheless, fundamentally, a greater and more enduring harmony is established. The friction we foresee is not the old-rooted antagonism, the veritable class-struggle, but

rather the jolts inherent in the new procedure as the various parties to the new social contract are discovering and delimiting their new functions. I sometimes wonder whether the *camaraderie* of the trenches may not prove to be a considerable factor in establishing the new order with greater good-will, in a more accommodating spirit, than would have been possible under pre-war conditions.

It has been necessary to pass in review the existing social and industrial factors before I could even hint at or approach any suggestion of a new formation which would embrace the new economic conditions. From the workers' point of view, the object to be achieved is finally to secure themselves against any reversion to the commodity basis of the valuation of their labour. That valuation primarily comes from a more or less fatalistic acceptance of the law of supply and demand. If the price of labour—wages—is to be governed for ever by this unseen god, there is no redress, no change of *status*. A hopeless and unchanging servitude stares the worker in the face. And the price of labour must continue to be governed by the maintenance of a reserve of employment, quite erroneously known as the unemployed. But if partnership is to be accepted, it is evident that unemployment cannot nullify it, for unemployment is not permanent to the person. It may or may not be a permanent condition. No one worker is always unemployed. If he were, he ceases to be a worker; his case calls for pathological investigation. Again, let it be emphasised, a shortage of work, at any given moment, must not invalidate partnership.

The treatment of our unemployed is the blackest page

in our industrial history. We went wrong when we permitted the employers to throw upon the community the maintenance of their reserves of employment. Economically it may be stated thus: Only the bare cost of the labour commodity actually delivered enters into the cost of the finished product. The cost of the reserves of the labour commodity is a social charge. It surely is now evident that the cost of reserve labour should have been included in the cost of the finished product. The cost of the one is vitally dependent upon the cost of the other. This is no revolutionary theory. So conservative a writer as Mr. Binney Dibblee, in his valuable work, *The Laws of Supply and Demand*, is emphatic that each trade should have borne the cost of its own unemployed.

It now becomes evident that if the industrial world is to be recognised on the basis of partnership "in the thing produced," the new formation must comprehend all the industrial workers from management to apprenticeship and industry by industry. The organisation cannot be local because industry has long since ceased to be local; it cannot be sectional, because all sections necessarily dovetail into each other. It must be strong enough to provide for all its parts and members, those working and those in reserve. In short, it must be national; nothing less restricted will suffice. We have to discover what are our national industries, main and ancillary, and constitute national organisations to correspond. Management and labour must join hands; harmony must be evolved out of existing chaos. These proposed large industrial organisations are what we would call "National Guilds." A National Guild is the combination of all

the labour of every kind, administrative, executive, and productive, in any particular industry. It includes those who work with their brains and those who contribute labour power. Administrators, chemists, skilled and unskilled labour—everybody who can work—are all entitled to membership. Numerically considered, the trade-unions must form the bases of these National Guilds; but they, in their turn, must merge into the greater body.

It is, of course, evident that such an organisation would have a complete monopoly of its labour power. Possessing that monopoly, the commodity valuation of labour would go by the board, and with it the wage-system. We hear a good deal, in these later days, of the "abolition of the wage-system." We are too apt to ignore the real purport of the phrase. The average man dismisses it lightly: "What does it matter what you call it—wages, or pay, or salary? The important thing is, what do you bring home on Saturday, or whatever is pay-day?" But you cannot so cavalierly dismiss a phrase that shows such tenacity. The workman is not a fool; he thinks out his position in his own way and from his own standpoint. When he speaks of wage abolition, he means the abolition of the commodity valuation. If wages be the price paid for the commodity labour, then he does not want to sell his labour as a commodity, and consequently he does not want wages. On the contrary, he wants his pay or remuneration to be based on his personality. He wants his economic claim upon the community to be admitted as something human and not non-human. I venture the opinion that the recognition of this fact by capitalists and employers is the beginning of

wisdom. In any event, protests against the existing wage-system increase in volume, whilst the movement (partly conscious, largely unconscious) towards National Guilds, through a larger unionism, develops strength with significant speed. Here, for example, is a resolution recently passed at a meeting of Leeds engineers:

"That realising that as at present organised the Trade Union movement is entirely inadequate, this conference of the rank and file demands that the executives of all unions catering for engineering and shipbuilding workers immediately get together and formulate a practicable scheme of amalgamation that shall fuse all sectional unions into one industrial union, having as its object the organisation of all workers in the industry, regardless of craft or sex; and as its ultimate aim, the control of industry for the complete abolition of the wage-system."

I may perhaps add that I have no personal knowledge of the circumstances. I merely quote from a weekly Labour paper.

And now, what has the statesman to say to all this? Faced with an industrial revolution, is the State to stand by, passive, inert? Are these great producing and distributing Guilds to be permitted, unchecked, to hold up the State, and incidentally the consumer? That would indeed be the apotheosis of Syndicalism. Evidently we must inquire into the relation of the State to industry.

It may now, I think, be confidently asserted that the collectivist solution has proved a delusion. It is true that the exigencies of the war have forced us

into many State Socialist ventures, which in normal times we should have rejected, not on grounds of abstract principle, but for purely practical reasons. We have discovered that bureaucracy, as now organised, is inefficient; that in the administration of our material affairs, the bureaucrat has neither the knowledge nor the skill of the independent industrialist. We are rightly proud of our Civil Service, of its high standard of honour, of its faithfulness, of its industry. Taken as a whole, it is probably the most highly cultured body of men in the world. But its culture is the culture of the schools; its training is all compact of precedent and tradition. I am often struck with its seclusion from the strain and struggle involved in the conduct of industry. "These things are not for us," it says in effect. And it is entirely right. For this final and conclusive reason: It must concern itself with principles of citizenship as distinct from the economic function. I for one look to the time when our political problems shall be discussed in the political arena, undisturbed and unvulgarised by the selfish intervention of the "interests." Parliament must be finally so circumstanced, if it think right, to pursue a political policy at economic loss. I do not think such action would be frequent, because I believe that ethics and economics are so closely related that, almost always, what is ethically right will be found to be economically desirable. That is not, however, to affirm that the State, as such, would not constantly be confronted with practical problems of the first magnitude. Not to go outside the ambit of the present argument, let us assume that national productive and distributive guilds are an accomplished

fact. What is to become of the great spending departments? Our military and naval requirements, education, public health? And what of the consumer? The State must participate in the work of the Guilds or abdicate.

CHAPTER II

The Wage-System

It would seem to be a psychological truth that all of us who think and dream of freedom—mankind's most precious gift—are peculiarly susceptible to the call of ever-recurring Messiahs or Messianic ideas. It is at once our high hope and our tragedy. Our hope, since if it were killed mankind would lapse into spiritual and social inertia; our tragedy, in that we seem for ever doomed only to glimpse the Promised Land, yet never to set our wounded feet upon it. Nevertheless, our hope, builded upon a faith that is "the substance of things hoped for," carries us triumphant over evil and disappointment, our ears attuned to "the still small voice," our spirits refreshed by the lights that opportunely radiate the way. "Man is not man as yet," sang Browning, instinctively conscious that rare spirits lure us on to the mark of our high calling. So it comes about that we rise superior to the perpetual frustration of our hopes and reasonable expectations, seeking for the cause of failure as part of the day's work, so that the morrow's march may be the better planned.

Although my own personal preoccupations have been with the material—the economic—problems of

life, I have always been conscious (was it nearly three centuries of Quaker blood stirring within me?) that the spiritual apperceptions must be correlated with our economic principles and discoveries; that the moral and the economic are the obverse and reverse of the same coin. If, then, what follows is mainly an economic argument, it will not, I hope, be assumed that I am unmindful of the spiritual implications that flow from — or create — economic conditions and changes. Unless this be so, we are thrown back upon a sterile economic determinism for which there is no philosophic sanction whatever. There are, indeed, some who contend that, granted certain economic conditions—capitalism, for example—certain economic results must inevitably ensue. But that need not delay us. It suffices to affirm that economic principles are finally conditioned by mankind's desires—desires which may be good or evil or both. Above all, the rooted instinct for freedom.

It is now more than a century since the inventive and mechanic, the manufacturing, sections of our community revolted against feudalism for the freedom to exploit both nature and their fellow-men. Their problem was comparatively simple; they had merely to render the wage-system more attractive to the labouring population than the existing feudal system. If we read the lives of Thomas Cooper or Samuel Bamford, if we study the real motives and principles of Chartism, not forgetting Carlyle's essay, there can be little doubt that, horrible though the story of early industrialism is, our forefathers instinctively believed that the wage-system marked an advance on feudalism, and, conjoined with political freedom, was to be an

instrument of emancipation. It amounted precisely to this: freedom to the labourer to sell his labour; freedom to the manufacturer to buy it. The Corn Law Rhymes of Ebenezer Elliott and others, which have passed into our literature, were directed, not against the abominations of wagery (the time for that was not yet), but against the political and religious oppressions of the aristocratic interests.

> When wilt Thou save Thy people,
> O God of mercy, when?
> The people, Lord, the people,
> Not thrones and kings, but men.

It was a frenzied protest against a political system subdued to the economic power of landlordism and all that it stood for. Not a word or suggestion that the oppression of the industrial magnates was as the little finger to the thigh. Two generations of wagery were to live their squalid life and go their ways before we find singers like Edward Carpenter grasping the true meaning of industrial oppression, singing in similar numbers but with a different bias:

> Over your face a web of lies is woven,
> Laws that are falsehoods bind you to the ground,
> Labour is mocked, its just rewards are stolen:
> Arise, O England, for the day is here.

The industrial developments of last century had two reactions: Lord Shaftesbury's agitation for the amelioration of factory life, particularly the exploitation of child labour; and the Trade Union movement, aiming at the maintenance or increase of wages. Widely different though both these movements were in tone, temper, and objects, they held in common

the belief that the wage-system was inevitable, even if it was not defensible. Feargus O'Connor and Robert Owen (both Celts, incidentally) vaguely realised that there was some trickery, some fraud, in it ; but they failed to find it. Owen thought that the elimination of profits could be obtained by voluntary association, whilst objecting to combination and monopoly, never realising that the monopoly value of labour is the way to freedom. Fourier's formula was five-twelfths of the product to labour, four-twelfths to capital, and three-twelfths to management. Louis Blanc visualised an association of producers who would market their commodities in the usual way. He was, in short, a co-operator. The wage-system was as much the bed-rock of their schemes as it was of contemporary employers. Later came Marx's analysis of capitalism, in which he, too, postulated as essential the commodity theory of labour. Nor were men's minds enlightened by the discovery that the Shaftesbury reforms strengthened and regularised the wage-system ; nor that the economy of high wages had exactly the same result. Then, as now, wages was the price paid for labour as a commodity ; then, as now, the labourer's person was separated from his labour, the labour commodity being the true object of the employers' solicitude.

This severance of the labourer from his labour is no mere academic distinction. It cuts at the roots of our industrial life ; it explains much in the social history of last century. If, for example, we analyse the *Poor Law Report* of 1834—the most ghastly official document ever written—we shall discover that the contention underlying it is that employers claimed to buy

labour when it was in demand, but declined any cognizance of the labourers' bodies and souls, *as employers*, when there was no demand for the labour commodity. Accordingly, the responsibility of maintaining unemployed life was foisted upon the community. The story of the tragedy that has continued for a century, and still continues, beggars the realism of a Zola or the passionate denunciation of a Carlyle. It was as imperative to the employers that they should maintain a reserve of employment (for that is precisely what unemployment is) as that they should maintain a reserve of cotton or wool or coal or any other raw material. Nor ought the employers' responsibility to have been remitted when improved machinery threw labour on the market. Apart from the argument —sound as far as it goes—that new machinery created new industries and therefore ultimately increased the demand for labour, it remained a fact that labourers thus rendered unemployed *belonged* to the trade into which they had been drawn by the employers, and, since even as unemployed they fulfilled the function of keeping wages at the competitive minimum, they ought in justice to have been maintained by their trades until they were drafted into the vaunted new industries to be created by new machinery.

The mediæval guilds shouldered this responsibility; the wealthy manufacturers of the great industry systematically shirked it. They did not put their reasons so bluntly as I state it now; we must admit that they never thought of it in that light. They were convinced—it was the spirit and atmosphere of their period—that, just as one enters a shop and buys a pound of sugar, so they were entitled to go into the

market and buy so many units of labour. Sugar was a commodity; so also was labour. We look back with horror on the industrial and social conditions of the period that culminated in the *Poor Law Report* of 1834. Worse remains to be told: the precedent of the severance of the labourer from his labour, then created, continues to this day. We have covered it with trappings of so-called social reform, with a more humanised Poor Law, with Labour Exchanges, with petty little mechanisms for accelerating "the mobility of labour" (another false god!), but even as I write our whole industrial world is based upon the hypothesis that labour is a commodity, subject, like other commodities, to the law of supply and demand; that the sacred element of personality in labour, industrially considered, must be disregarded. Employers still refer to their employees as "hands."

The foregoing seems so clear to me, and yet finds so little acceptance amongst the generality of mankind, that I often wonder whether I do not suffer from some overpowering delusion. I comfort myself with the reflection that, in former days, masters regarded their slaves as chattels, and that consequently it need not surprise me that to-day employers regard their employees' labour as a commodity. And when I think a little more about it, I remember that the abolition of chattel slavery was hastened by those grim Northern employers who frankly avowed that it was wasteful and uneconomic to maintain the body when you could buy the labour for a wage. The chattel was, by a sleight of hand, transformed into a commodity. Let me set it down with less feeling and more exactitude. Why do we distinguish between

"salary" and "wage"? Why do we divide the "salariat" and the "proletariat" into separate classes? And why does the salariat rank above the proletariat? The reason is so simple that I am almost ashamed to write it. Because the salariat retains, and is, in fact, paid for, its personality, whereas the proletariat sells only its labour-power considered purely as a commodity. Thus we instinctively and rightly give to salaried Robinson a higher social *status* than wage-earner Jones, because Robinson has a recognised and recompensed personality, whilst Jones supplies only a non-human quality, from which his personality is *ex hypothesi* excluded, which the economists brutally describe as the "labour commodity." When Robinson goes on holiday, his salary goes with him; when Jones goes to a funeral, his "time" is deducted. In times of depression, Robinson, still on salary, sits at his desk; Jones tramps the streets, because no one hath hired him. But it by no means follows that, because we do not buy Jones's personality, he therefore has none. We put him into a *status* or caste from which we do not formally demand personality. We are, of course, glad to profit by his personality; but by putting him on a wage-basis we defraud him of its economic value.

How, then, is the fraud effected? We first fix the wage rate at a competitive market value, reached by the existence of a labour reserve, which we wrongly call the unemployed (putting the charge on the community), then, having purchased the labour on a commodity basis, the buyer—*i.e.* the employer—obtains absolute possession and control of the products of the purchased labour and pouches the surplus

value created. That is what Lord Wrenbury meant, in a recent letter to the *Times*, that at the root of all present discontent is found the problem: who shall have a share and interest in the thing produced? I do not think he quite realised that he was raising the embarrassing dilemma—partnership or wagery.

The psychological aspect of the commodity value of labour is not less important than the economic. Our moral sentiments are largely derived from our social environment. An Oxford graduate, meeting a commercial traveller in a railway carriage, finds that he speaks a different language, thinks on a different plane, sees life in different values. They may have much in common—patriotism, for example—but, generally, the two men, having passed the time of day, are rather glad to lapse into silence, each reading his own papers or books, every sentence of which would be differently interpreted by the two men, whose mother language tends to diverge each from each. In this way, economic environment inevitably creates different castes, with danger to the nation and grave moral loss to its people. Now what in India is called caste, in England is called *status*. I am far from affirming that they mean the same thing East and West. *Status* here is a much more elastic term than is caste in India; but *mutatis mutandis* they have a distinctly similar significance. In this connection our phraseology is not without interest. We say of some workman that "he knows his place"; it is frequently said that the harshest taskmaster is the workman become master; we must not let its humour distract us from the true implication of the epigram, "poacher turned gamekeeper"; rather more

remote, yet relevant, is the " beggar on horseback." We regard it as incongruous that any man should get out of that station in life to which it has pleased God to call him.

It is sometimes difficult to ascribe his true *status* to this or that man—it is possible, though not probable, that one might mistake a schoolmaster for a merchant—but there can be no mistake possible in instantly realising the *status* of a wage-earner. In fact, whatever may be their several gradations, every man who sells his labour as a commodity, and *because* he does it, belongs markedly and unmistakably to his own *status*. There is a universal conspiracy to put him there and keep him there. We first put him in a " working-class district," just as the slaves were segregated in the " slave quarters," now known as " Negro quarters." We next send him to a " working-class " school (note the recurrence of the word " class "), where we are careful to instruct him and equally careful not to educate him. Having graduated in shop or factory, we bring all our influence to bear and all our mechanical arrangements, particularly transport, to compel him to marry early and marry one of his own " class." If he marry a " middle-class " girl we slightly shudder ; if an " upper-class " girl, it immediately becomes either a scandal or a romance, according to circumstances or the whimsies of the Press. Then, when he is mated and settled, we surround him with a veritable mesh of special legislation, partly contrived by far-seeing employers, partly by political busybodies. In the Southern States, on tram and train, seats are specially reserved " for coloured passengers " ; in Great Britain, we have

the "workman's train." Whatever our motives, good or bad, the *status* of the wage-earner has crystallised into a social factor of terrible aspect.

We may be sure that the wage-earner does not voluntarily belong to his economic *status* and will leave it at the first opportunity. But the transition from one economic condition to another is always difficult, and in the case of the wage-earner is well-nigh insurmountable. He is not the subject of a mere social convention, such, for example, as divides a manufacturer from a landowner; his position is rooted in economic subjection and he must remain where he is pending an economic revolution. It is sometimes asserted that if he would exercise his political powers he could win through. But not the least of his disabilities is the fact that wage-servitude limits and modifies citizenship. We know that economic power precedes and dominates political action. If we doubt it, we need only read Ostrogorski's constitutional studies, particularly his analysis of the caucus system. Now the essence of wagery is that economic power passes with labour power to the *entrepreneur*. No economic power is reserved to the labourer because his wage is based upon the bare cost of sustenance. The result is that we have two types of citizen—the "active" and the "passive." I venture again to quote what I have written elsewhere:[1]

"Just as you cannot eat your cake and have it, so you cannot sell your life and yet retain it. Brown has Smith in his pocket because Smith's labour, and

[1] *National Guilds* (Geo. Bell & Sons Ltd.), p. 54.

the life having gone into the labour, leaves Smith inert, lifeless, spiritually dead. Whatever the politicians may tell him, he is inevitably a passive citizen because, in the guise of a commodity, he has sold his life. Every week he sells it; every week he and his family mount the altar and are sacrificed. How different is it with Brown! He not only possesses his own soul but has Smith's in addition. Smith's life enters into Brown's at breakfast, lunch, and dinner. The price that Labour pays for enduring the wage-system is its own soul; the political sequel is passive or subdued citizenship. And even though the Smiths sit on the Treasury Bench and put on the airs of the master, they cannot escape from their economic subjugation, with its correlative civic passiveness, if they remain content to sell their brethren into the servitude of the wage-system."

"No nation," said Lincoln, "can exist half-slave and half-free;" no political system four-fifths of whose electorate is "passive" can work for righteousness, even if haply it escape dissolution.

The question will arise in every generous mind, why should not Great Britain, with its humanitarian traditions, sweep away this dishonest system? We abolished slavery a generation earlier than did the United States; if slavery, why not wagery? Ah! If we only could! But there is this fundamental difference between slavery and wagery: the abolition of slavery consolidated the industrial system; the abolition of wagery involves its destruction. We have seen that when the employer buys labour, based on the bare cost of maintenance, he secures to himself the

market value of the product—as the Marxians quite accurately phrase it, " the surplus value." It is out of this surplus value that rent, interest, and profits are paid. The *entrepreneur* is therefore in a cleft stick : If he engage labour at the market value of the product of labour, there is clearly no fund to pay rent and interest, to say nothing of his own profit ; if he buy labour at its commodity value (his only alternative under industrialism), he lends himself, willy-nilly, to a fraud upon Labour. Thus we discover that the industrial system, in the final analysis, is based upon the commodity value of Labour, which, ethically considered, is a trick or a fraud. That is why the finer spirits, instinctively sensing its true nature, have always rebelled against it, yet knowing of no cure. For, being an evil, it infects its votaries with its contagion, and we see it in their attitude towards life, their tone and manners, their astonishing obtuseness to spiritual values. When we determine wagery, we destroy the existing industrial system. Let us at least do it with our eyes open.

Between the comparatively small group that exists on rent, interest, and profits (exercising, in consequence, a disproportionate political power), and the great mass of wage-earners are the salaried classes, an inchoate, variegated, and unorganised aggregation of fortuitous atoms. It is, of course, impossible to generalise about the middle-classes for precisely the same reason that you cannot indict a nation. Nothing you can say or criticise applies to all of them. Some of them, by education, training, and *milieu*, are closely related to the actual exploiters ; others are equally close, in interest and sympathy, to the wage-earners. An in-

dustrial insurance agent, living upon commission, is practically a proletarian. In many ways we may say of the lower middle-classes that they are as much under the harrow as the wage-earners themselves. A clerk earning £2 a week, although of a higher *status*, must necessarily live very much the same life as an artisan : is probably sprung from the artisan class, and, unless he possesses special abilities, will probably die in the atmosphere and environment of Labour. He has been educated at an elementary school with working-class children, and, almost certainly, will marry an artisan's daughter.

This particular type of the salariat is obviously dominated by the conditions of the wage-system. It is the well-considered policy of the industrial leaders to keep the lower middle-classes in a different, and nominally higher, *status* from Labour ; but their incomes are regulated by the amounts paid in wages—so much to labour, a trifle more, *plus* a little mock amenity, to the clerk and all who rank with him in social estimation. The abolition of wagery would bring in its train a most happy release to the lower middle-classes from an intangible and subtle tyranny, against which they have not even the ineffective redress of Trade Union organisation. Situated as they are, often mocked by the lure of small social advancement, it is hardly surprising that they become saturated with a servile and obsequious spirit, resulting in a dangerous and depressing morality, which lacks even the saving virtue of that courage and strength which makes our possessing and governing classes, the most powerful factor in our national hegemony.

In the constructive chapter to follow, I shall deal with the forces at work destined to destroy the wage-system and constitute a nucleus, in the form of incipient guilds, to take its place. But I would now emphasise my own conviction that no really enduring edifice can be built until, realising the implications of wagery, we protest against it on moral and religious grounds, and will its destruction in our passion for justice. I am the first to admit that the science of economics is neither moral nor immoral; it is non-moral. Properly understood, it is a dispassionate examination of every purely economic factor, a diagnosis of every economic disease. Just as a doctor dispassionately reports on a prevailing disease or plague, so does the economist report the result of his inquiries into economic facts. But when we have the doctor's report, it becomes our moral duty to extirpate the plague by legislation, by organisation, by personal example; so also, when we have the economist's report, it is equally our moral duty to eliminate the discords and secure economic harmony.

I confess that I see no signs of an awakening amongst our religious leaders. In other days, we might have looked to the churches with some confidence. Alas! John Ball died a very long time ago. It is, unfortunately, only too true that our churches take their colour from their congregations. This church, well endowed, is attended by the very pink of respectability. No hope there! That church, poor and unendowed, is ruled by its deacons and elders, who, responsible for its small revenues, more or less consciously dominate the teaching and the preaching. But clerical inertia, I think, must also be explained by clerical want of thought. Never, in the history of civilisation, has organised

religion been so deeply separated from living issues as to-day. The line of least resistance is the line of least thought, and social reform is a soothing plaster to the conscience. We have reached a stage in our social and economic history when mere reform must give way to the revolution involved in wage abolition. Is it unreasonable to call upon all who are spiritually minded, of all creeds and none, to make the great decision that, so far as in them lies, wagery shall no longer defeat or deter the ascent of man ?

CHAPTER III

Guild Organisation

It is conceivable that the possessing classes, touched by a spirit of compunction, might voluntarily forswear the wage-system and call Labour into partnership. Conceivable, for it has historic sanction; but extremely unlikely, because new epochs do not come without birth-pangs. Whilst we look eagerly for the co-operation of men of good-will, of every class and condition, it would be foolish to rely upon any forces in society other than those who most directly and intimately and urgently benefit by the change. The abolition of wagery is primarily a great movement of emancipation, and they who would be free must strike the blow. Tolstoy, great pacifist though he was, always recognised that the exploiters were on Labour's back and would have to be forcibly shaken off. It is well that it should be so, for freedom that comes without a stern struggle may be no freedom but a mirage. It is in the nature of things that those who hold should strive to keep; that they should endeavour to accumulate more. It is the simple truth that to him that hath more shall be given. Endow any class of men with power—the Bureaucracy, for example—and we may be sure that before long

they will, as they say in Parliament, "seek further powers."

Nor must we forget that the present possessors can offer a reasoned *apologia*. There is the practical man, honest and considerate in all his dealings, who may contend that he has done his best despite all the theorists. He inherited the wage-system; he has made the best of it, humanising it as opportunity served. Not a bad fellow, this practical man, fearing God and honouring his neighbour. Personally, I like him. Then there is the aristocrat, classical in his literary tastes, accepting the canons of the classical economy, deeply concerned to maintain our traditions and pass them on unsullied and even purified. Listen to him:[1]

"The system must remain because it is the true inheritor of the great traditions, of the learning laboriously gathered through innumerable generations. The faith handed down by our fathers must be conserved. This great edifice, broadly speaking, has been built up by the privileged classes of ample leisure and large resources. We are sentinels sternly bidden to guard the sacred catena of civilisation, to see that there shall be no break in the continuity of history, tradition, and culture. What prouder mission was ever entrusted to a privileged class than to maintain civilisation? If, therefore, we painfully realise the continuance of the wage-system and the horrible things implied by it, it is not because we do not sympathise, but because larger and more enduring considerations must prevail. We cannot risk the loss of

[1] *National Guilds*, p. 117.

another Alexandrine Library; the Louvre was saved by a miracle; Cromwell's bullets are still embedded in our churches. These are symbols. Democracy will triumphantly write 'Ichabod' on our sacred temples."

It is the age-long defence of the established order. Always, when we hear it, our hearts are moved, and we instinctively respond to it. Yet, in my experience—a long one now, unfortunately—of revolutionists, I have never yet met an iconoclast. It is the love of the great traditions and culture that urges them to strengthen and beautify.

> I looked. Aside the dust-cloud rolled,
> The waster seemed the builder too;
> Uprising from the ruined old,
> I saw the new.

But can we not turn the classicist's guns upon himself? Is it not true that our greatest culture and art developed before the wage-system began? Has not industrialism vulgarised everything it has touched —craftsmanship, architecture, art, literature, music? Did not Ruskin love the ancient culture and our great traditions? We remember—indeed, we cannot forget —his criticism of our modern architecture. Did not Matthew Arnold love culture and beauty? We remember his fulminations against the Philistinism of his period.

> We too now say
> That she, scarce comprehending
> The greatest of her golden-voiced sons any more,
> Stupidly travels her dull round of mechanic toil,
> And lets slow die out of her life
> Beauty and genius and joy.

I do not think we need be deeply moved by the plea that a privileged class should be maintained to guard the sacred catena of civilisation. Our literature, our pictures, our furniture, our houses point to a very different conclusion.

Our answer to the practical man is equally decisive. "Yes; you have done your best, but look! . . . Charles Booth has just died and Seebohm Rowntree still lives."

It was natural and inevitable that the wage-earners should combine to protect themselves, in some degree, against the brutalising effects of wagery. They, like their employers, had never analysed it; they knew nothing of the actual economic process by which they were despoiled and kept in bondage. But they knew where the shoe pinched, and sought what easement they could. They accepted the wage-system as a natural law and only wished to mitigate its harshness. So they formed trade-unions and friendly societies and fraternities, gaining some measure of inspiration from the fraternal relations that ensued. Their history is not without turbulence; nor were their decisions always wise and prescient. The same can be said of our statesmen, so why blame unduly the trade-unions? They engendered riots and were as often jockeyed into rioting by premeditated provocation. All our industrial centres have a story to tell in this regard. Not once nor twice have the military waited for the provocation that preceded the reading of the Riots Act. We must remember, however, that strikes and riots are but incidents in the history of Trade Unionism. Not because of strikes, but despite them, has Trade Unionism become a necessary factor in our economy.

Mr. Binney Dibblee, a conservative and cautious economist, in his book, *The Laws of Supply and Demand*, has this to say :

" They are usually considered to be associations founded to control the supply of Labour and therewith to bargain for its price with the employer, and, as they have energetically performed this duty for their members, it is undeniably true that their work in this respect is of the very highest importance. But this is not logically, even if it was historically, their primary cause of origin. If these associations had been tumultuous combinations arising out of strikes, or, as Adam Smith implies that they are, ' conspiracies against the public,' they could never have had the principles of cohesion and permanence which have raised them to the mighty power they now prove to be. Philosophically speaking, their final and necessary cause was the maintenance of the reserves of labour, which are required by the system of modern production."

I have already pointed out that, in equity, the industries themselves should have maintained their own reserves of labour. But the employers argued that they need only buy the labour commodity as and when they wanted it, leaving the care of the unemployed to the Unions or the community. Mr. Dibblee agrees with me :

" What shall we say of the pretentious body of doctrine, calling itself scientific, which rose up at that time to stamp the hall-mark on intellectual superiority of greed and crown ruthlessness with

a halo? Of all the crimes committed in the name of Knowledge this was, perhaps, the worst. It has done more harm over a century than all the wars of the period. Intellectually, it was more impious than the condemnation of Abelard, the muzzling of Galileo, or the hounding of Semmelweiss to madness. It is no wonder that men who kept their senses called political economy the cruel science; but how is it that people were so slow to see that its theories were stupid?"

What was this body of doctrine which "has done more harm over a century than all the wars of the period"? Nothing more nor less than the commodity theory of labour, the wage-system. And the only mitigating factor, so far as I know, was Trade Unionism. It is, therefore, hardly surprising if we must look to it as the nucleus of the new coming economic formation to produce wealth without wagery.

Assuming, then, as we must, that the employers will not voluntarily forgo their power to buy labour in the market on exactly the same principle as they buy cotton or wool or leather or any other commodity, the practical question arises: How can Labour circumvent the Employer and exact a social value for its labour? The only answer I know is that it must secure a monopoly of its labour, by an organising campaign transcending in brains, imagination, and magnitude anything it has ever before attempted. It is here that we disclose the root and cause of the class struggle. Both Capital and Labour are agreed that the production of wealth is essential to our national life. Capital affirms that production is

only possible, on commercial principles, on its freedom to buy labour-power according to the laws of supply and demand. Labour replies that, whereas formerly, that system seemed preferable to feudalism, its result has been to keep the labourer always on the verge of starvation and to defraud him of the social value of his labour. Therefore, the time has come to make a fundamental change. Production can be almost indefinitely increased, but it must be by a partnership between Labour and Capital or between Labour and the State, the latter for preference. The class struggle, therefore, has a negative and positive aspect: a refusal any longer to sell labour as a commodity; a proposal that Labour shall have a definite "share and interest in the thing produced." The struggle obviously centres round the decision who is to control labour. Capital can only control labour through the medium of a free market; Labour can only control labour through a monopoly market. The issue is definitely joined.

It is important that we should clearly understand what is meant by supply and demand. When an employer engages labour, he speaks as though there is a law of supply and demand in regard to labour. This view is too narrow to be tenable. The true position is that there is a fluctuating demand for the products of labour. Now, it is evident that, even if Labour, by organisation or by a legal enactment compelling every worker to join his appropriate Union, were to secure a monopoly of labour-power, the demand for manufactured products would still fluctuate; but the supply of labour-power would be permanent and stable. The result of the monopoly control of

labour by Labour would therefore be that all the workers concerned would have rights of maintenance, and unemployment would be recognised for what it really is—namely, a reserve.

I think the ground is now cleared for the consideration of the constructive side of our programme. Rejecting both the theory and practice of the commodity valuation of labour, realising that such rejection can only be attained in practice by organising labour until it is " blackleg-proof," further, realising that such a development means the downfall of the existing industrial system, by what economic organisation shall production be continued and increased? No student of the problem will doubt that the trade-unions must be the nucleus of the new formation; every student will agree that they are only the nucleus; that the other economic elements in society must be co-ordinated and brought into harmonious relations with the labour monopoly. When this unification has been achieved National Guilds will become an accomplished fact.

At the first blush it would seem as though the obstacles in the way to labour monopoly were insuperable. It would be foolish to underestimate the difficulties, but they are not so formidable as surface appearances suggest. Two lines of policy must be pursued: (i) The craft unions must be changed into industrial unions; (ii) there must be a continuous process of amalgamation or federation of all unions in the same industry. In regard to the craft unions, we must remember that many of them were originally formed for the protection of their " craft and mystery "; in their wildest dreams they never imagined that they

would become the representative labour organisations of the whole industry. Their rules and regulations were therefore based on the idea of exclusion; they were as deeply concerned to limit their membership as to argle-bargle with their employers. Two unforeseen developments have materially modified their first purpose: automatic machinery has created a semi-skilled class of workman who has become a standing menace; the organisation of unskilled workers has taught them that their wages are ultimately governed by the cost of sustenance.

Apart, then, from any commodity theory of labour, or any grandiose scheme of National Guilds, economic developments are forcing the craft unions to widen their borders, to relinquish the craft basis of membership, and to become industrial unions. The process of amalgamation, often by federation, also proceeds apace. The miners are much more closely integrated than they were; the railwaymen have now practically one union; the cotton operatives, working federally, draw closer. Nevertheless, there is a long row to hoe. The table on the opposite page shows the situation, from this point of view, prior to the war.

This table is perhaps misleading without an expert knowledge of trade-union organisation. In most of the trades enumerated the excessive number of the unions only represents a degree of local autonomy. But the figures given are significant as they stand. They tell certainly of the need for further amalgamation and centralised direction; but they show that trade-unionism has flourished despite the adverse conditions of former times. Extension of membership in the future will be largely automatic. It is

also worth noting that a powerful movement is afoot to make membership in the unions compulsory by legal enactment.

Trade Group.	Persons Employed.	Wage-earners.	Trade Unionists.
Building and Contracting . . .	513,961	476,359	155,923 (68 unions)
Mines and Quarries .	958,090	939,515	729,573 (84 unions)
Metals, Engineering, and Shipbuilding .	1,426,048	1,330,902	369,329 (211 unions)
Textile Trades . .	1,229,719	1,189,789	379,182 (273 unions)
Paper, Printing, and Bookbinding . .	317,550	279,626	73,939 (38 unions)
Clothing Trades .	645,233	552,165	67,026 (40 unions)
Woodwork and Furnishing Trades .	224,098	210,407	38,836 (91 unions)

It is evident, however, that when we have secured the labour monopoly we have only begun the construction of National Guilds, for we must bring in also the managerial and administrative elements. Just as the mediæval Guilds were composed of masters, journeymen, and apprentices, the National Guilds here predicated are equally inclusive—administration, managerial, scientific, inventive, as well as every worker in the industry—nothing less than a regimented fellowship. Whilst I believe that as time goes on the standard of living of all Guildsmen will tend to

approximate, I recognise that a hierarchy is necessary to the effective working of the Guilds. The appointments to the administrative and executive offices can no longer come from above ; they must be democratic in principle. But it is wise to avoid any political analogy in this connection. When we speak of democratic election we generally mean the political system of counting noses. An industrial democracy means the choice of the men who know—a choice not obtained by any financial pull, or family influence, but solely based upon fitness. It follows that only those who have the means of knowing can, or ought, to vote.

Now, the British artisan is an uncommonly shrewd judge of workmanship. He knows the best men in his own shop. On the principle stated, it is the actual manual workers who should choose their own foremen and sub-managers. In every industry, in every locality of every industry, men work in groups. There are workshop groups, office groups, managerial groups, all these groups linked together in various ways. When I write of democratic election, the principle in mind is really group selection. But the system of choosing the hierarchy is only incidental to the argument ; the point now to be emphasised is that a hierarchy is essential. It is rather important to stress this point because I find it assumed that, with the trade-unions as the existing nucleus of the future Guilds, their rough-and-ready democratic methods must necessarily be adopted and regarded as sacred. There is absolute unity amongst thinkers of every school that industry must be democratically administered ; but that broad fact by no means binds

us to any inappropriate method of democratic election or selection.

And now let us suppose that we have finally discarded the wage-system and co-ordinated into National Guilds every industrial factor. What are the dimensions of these Guilds, and if the wage-system is abolished how are the Guildsmen to be paid ?

Please observe that the use of the word " National " is deliberate. In former times the Guilds were local ; in the county of Norfolk alone there were six hundred. Industrially considered now, locality has ceased to count. The railway, motor-car, telegraph wire, telephone have annihilated space, whilst the tendency of every industry is to concentrate and unify. A textile Guild for Lancashire only would be a futile undertaking ; much more futile any local engineering Guild. The Guilds must be organised on the national basis or not at all. There is another convincing reason for the National Guild : We have already postulated that it must maintain its own unemployed ; it logically follows that the care of the sick and the pensioning of the aged should be undertaken by the same bodies. If we are to have the Guilds on a national basis, it is clear that they must be numerically very strong. My own analysis of the industrial population leads me to conclude that not more than twenty-five Guilds are required. Here, for example, on the following page, is a list of thirteen main industries, each employing over 100,000 persons.

I particularly draw attention to the tribute that Labour pays Capital. Note also that in Railway Construction, where the engines are largely built for use and not for profit, the net output is only £4 in

excess of the average wage—an extremely significant fact. These may be considered the main industries, the others being largely ancillary or subsidiary. If any reader imagines that the National Guilds here proposed are not much more than large co-operative societies, I hope these figures will disabuse his mind of any such misconception. The reorganisation of industry on Guild principles is a mighty affair, greater

Trade Group.	Net Output.	Persons Employed.	Net Output per Person.	Average Annual Wage.
	£		£	£
Building and Construction	42,954,000	513,961	84	59
Coal Mines	106,364,000	840,280	129	—
Iron and Steel	30,948,000	262,225	118	82
Shipbuilding	17,678,000	184,557	96	72
Engineering	49,425,000	455,561	108	67
Clothing and Millinery	27,237,000	440,664	62	36
Railway Construction	17,103,000	241,526	71	67
Boot and Shoe	8,965,000	126,564	71	46
Cotton	46,941,000	572,869	82	50
Woollens	19,452,000	257,017	76	40
Printing	15,288,000	172,677	89	—
Bread and Biscuits	11,590,000	110,168	105	—
Laundry	7,161,000	130,653	55	32

even than our present war organisation. And should I succeed in convincing you of the substantial justice of my argument, pray do not advocate it amongst your friends as a little, inconsiderable thing. The abolition of wagery, with all its implications, spiritual, intellectual, and material, is a greater event than the abolition of slavery; the building up and bringing to efficiency and maturity demands the diplomacy,

the skill, and piety that formerly went into the building of cathedrals.

We may very shortly dismiss the question as to the substitute for wages. We now understand, I hope, that as wages is the price paid for labour as a commodity, when labour ceases to be a commodity it ceases to receive wages. What, then, does it receive? The answer can be most easily made by an analogy. We do not go into the labour market to buy soldiers' labour, for the simple reason that the work done by the soldier is in no sense a commodity. It is a duty, perhaps a privilege. The consequence is that the soldier is on "pay"; whether he be general, colonel, major, lieutenant, or private, he draws his "pay." And he receives pay whether he is fighting or "in reserve" (the military equivalent for industrial unemployment), or, if he be a professional soldier, during peace. Now, this distinction is not merely verbal. It expresses a conception of work and duty poles asunder from wage-servitude. Oddly enough, when wage-earners go on strike, they say they are on "strike pay." Whilst words do not change facts or conditions, I think the new conditions would almost certainly change the word, and Guild-pay would become the natural and usual custom. But from whence would the pay derive? From the products of the Guild, probably measured by time. I have not the space to argue this question. Those interested will find it discussed in *National Guilds*, pp. 81, 82, 136, 137, 181, 182, 183, 184.

There are many aspects of this new idea; but I must now finally only briefly refer to the relation between the State and the Guilds. For sound reasons,

notably the necessity that as citizens we must control our national destinies, it is supremely important that all the Guild assets should be vested in the State. The fundamental idea of the Guilds is that they shall exercise full control over labour and enjoy complete autonomy in all industrial transactions. Possessing such enormous economic power, the State must look to the Guilds to feed its budget. How is it to be done ? If all the industrial assets are vested in the State, then let the State rent them to the Guilds by a charter in which the terms are inscribed. Here we hit upon another economic doctrine. Rent originally was a tax in return for a charter or licence. This gradually grew into the economic rent as we know it to-day. But the abolition of wagery *ipso facto* destroys economic rent. The State would impose, not precisely the equivalent of economic rent, but a charge measured only by State requirements and not the full economic burden which the Guild could bear. As a consequence, all personal taxation would disappear.

Those who follow philosophic thought cannot fail to observe the growing importance of " function." Señor Ramiro de Maeztu has just published a book, *Authority, Liberty, and Function*, in which he is clearly and admittedly influenced by the new conception of function, which has arisen out of the discussion on National Guilds. When the Guilds are formed, and when they in their turn proceed to constitute a Guild Congress, it is easy to visualise a large national organisation responsible for practically all our economic activities. I welcome such a consummation for at least two reasons : Because I am sure that such an organisation would carry on the business of production

and distribution far more humanely and efficiently than under divided authority ; and, secondly, because I believe the State should be relieved of all economic functions, that it may the more freely devote itself to those spiritual problems the solution of which is the distinguishing mark of a great people. I assert, without arguing, that the political life of Western Europe has sunk to so degraded a level that politics is no longer an occupation fit for gentlemen. Every great issue that emerges is now never dealt with on its merits; the " interests " confuse and choke it from its birth to its ineffective culmination. Education, foreign policy, public health, local government—every discussion upon these subjects, pregnant as they are with vital consequences, is vitiated by finance and selfishness. Either we must purge our Parliamentary procedure of these diseased elements or sink into spiritual inertia and shame. I am old-fashioned enough to wish for a return to the old " grand manner " in politics. It will come back only when the subjects discussed and the temper in which they are approached are worthy of it.

CHAPTER IV

Reconstruction

The principles underlying the call for National Guilds would indeed be barren if they had no application to, or shed no light upon, immediate problems. That is the conclusive test which differentiates the purely Utopian from the practical. It is easy enough to construct Arcadian systems ; every civilised country produces them by the score. Sometimes they appear in religious forms, sometimes in social. Often they are valuable critiques of existing life, such as Howell's *Traveller from Altruria*, a book in considerable vogue in my younger days. The real test is whether any great social change proposed is rooted in the past and present. It is true that here and there a nation can adopt some exotic change—Japan, for example. Signs are not wanting, however, that even Japan, wonderfully imitative though she be, is harking back to her own older ways. Under her Occidental externals, her Oriental heart remains unaffected. I suppose there is no country in the world, China possibly excepted, that is so tenacious of old beliefs and social customs as Great Britain.

Every Englishman is at heart conservative and reverent of the past. Take the word I have so

often used—"Guilds." It is centuries now since the Guilds died, yet there is no word which to this day radiates such a rich tradition of liberty and craftsmanship. It is, indeed, notable and significant that no word has preserved its dignity, its sharp severance from the mean and sordid, to the same degree as "Guild." When men and women meet together for some unselfish purpose, calling for craftsmanship or some effort involving work with the hands, they are likely to call themselves a "Guild." Professor Lipson, in his *Economic History of England*, writing of the Craft Guilds, says: "In the effort to provide a fair remuneration for the worker and to reconcile the conflicting claims of producer and consumer, were developed principles of industrial control and conceptions of wages and prices to which we may perhaps one day again return." In summing up, he is again conscious of historic continuity: "The society in which we live is so deeply rooted in our everyday thoughts and habits, that the sequence of historical events which has brought it into being appears to us unavoidable and inevitable. From this standpoint it has been possible to bestow praise upon the Craft Guild, in spite of the fact that its fundamental principles are in many respects so completely at variance with modern ways of thinking. It is contended that the pressure of the Guild system in a primitive age, accustomed to the rudest forms of deceit, fashioned a public opinion in favour of those social and economic virtues that have now become a commonplace, and schooled men to recognise elementary maxims of honesty in trade and industry."

Where I should quarrel with Professor Lipson is in

his assumption that the industrial system has retained "those social and economic virtues that have now become a commonplace." It is true that in qualitative production we lead the world, even if France treads closely on our heels; but we have taken out of labour, by an economic fraud, what the Craft Guilds would have saved labour, and by a too great devotion to mechanical production we are robbing labour of its pleasure in quality and the reputation it has gained from quality. Quality springs from craftsmanship; craftsmanship is the child of liberty and leisured artistry. It droops or dies in servitude. So, in the providence of God, it may happen that National Guilds may yet again "fashion a public opinion in favour of those economic and social virtues" now fast disappearing in a community accustomed, not to "the rudest forms of deceit," but to a subtle and dishonest industrialism that makes labour its slave when it ought to make it at least its coadjutor. In tone, temper, and purpose, National Guilds, as outlined by their sponsor, revivify and carry on the old British tradition.

The war came at a critical moment in our industrial history. Industrial discontent was rife; strikes and lock-outs were in full swing. The Labour forces were drawing together and concerting common action. Investors were anxious, looking beyond the seas for opportunities to exploit unorganised labour. As political Labour lapsed into the dreamy pleasaunce of Westminster, industrial Labour grew exigent and rebellious. Already the wiser heads amongst the Capitalist leaders were pondering whether to fight or to conciliate the exasperated workers, who, at a time

of unbounded prosperity, when the revenue from profits in five years had increased by 22½ per cent., found that real wages had fallen 10 per cent. The outbreak of hostilities effectually dissipated the plans both of masters and men; in the face of the enemy there was a degree of unity, gratifying even if it was reasonably expected. A great necessity confronted us: our industrial resources had, at a moment's notice, to be concentrated on war production. We must have big guns, and yet bigger, shells and high explosives, uniforms and boots, food-stuffs. The Government had to make a quick decision: Should all this work be done under bureaucratic control, or could we leave it to the several industries to shoulder the responsibility?

Before I answer that question from the Guild's standpoint, it may be valuable to see how the situation was regarded by others. I think we may all agree that the most representative document issued on the industrial situation is the Garton Memorandum. This is a report drawn up, considered, and amended by "employers, representatives of Labour, and public men of all parties," and finally published by the Garton Foundation, with the full approval of its trustees, Mr. Balfour, Viscount Esher, and Sir Richard Garton. Unless I am greatly mistaken, we shall hear a great deal in the near future about the proposals for conciliating Labour here adumbrated. The writers frankly admit that the war has in no way terminated industrial discontent. "The seeming prosperity of the country during the war has obscured the realities of the situation." The problem of industrial unrest has in no way been solved. "The problems presented

by a temporary crisis, in which economic considerations sink into a secondary place and the strongest possible appeal is made to the spirit of self-sacrifice in all classes, afford no real parallel to those presented by a return to normal conditions after a long period of dislocation." These are the considerations that have dictated this report. Naturally, inquiry must be made into the actual causes of unrest and discontent. At the risk of being tedious, I shall make a number of quotations on this point, not only because they bear upon the problem of Reconstruction, but because they go to show that my own analysis of the wage-system is recognised as sound and is not the conception of a crank. I quote the numbered paragraphs :

12. " Failure to cope with the economic situation must necessarily involve widespread loss and misery. But the industrial problem is inextricably entangled with social and political developments. It is not merely that a certain minimum standard of material well-being is a necessary condition of moral and intellectual advance, or that commercial prosperity is an important factor in the strength and prestige of the State. Industry itself has a human side. The discontent of Labour is not exclusively a matter of wages and hours of work. It is becoming increasingly evident that it is based to a very large extent upon question of *status* and social conditions."

43. " The attitude of unskilled and unorganised labour after the war will be influenced by the fact that in military service many of them will have made acquaintance with a hitherto unknown standard of

maintenance. They have been better fed and better clothed than ever before."

62. " There is a real danger that this section may adopt to some extent the German view of Labour as a force which needs to be controlled and disciplined *from above*, and may regard war as an opportunity to accomplish this end."

101. " The chief economic objection of the worker to the introduction of labour-saving machinery arises from his belief, unhappily founded on experience, that its immediate effect is to lower his wages or deprive him of his job. With some qualifications, this objection is well founded."

105. " Underlying all economic suspicion is the worker's instinctive aversion to becoming a mindless automaton, performing without variation a cycle of mechanical movements which do not lead to increased general proficiency, which open the way to no higher grade of employment, and which are prescribed not by himself or by the traditions of master-craftsmen of his class, but by an outside and unsympathetic authority in the shape of the scientific expert."

134. " The questions which centre round wages and profits, important as they are, are not so vital as the questions of industrial relations and social conditions with which they are connected."

139. " The limitation of output by Labour arises partly from the legitimate desire to restrict the hours of work in the interest of health, education, family life, and enjoyment."

143. " Good work cannot be expected from men who are ill-fed and insufficiently clothed, or who feel that they derive no advantage from increased production."

145. " The great question to co-operation is the question of *status*. The ill-will of Labour towards Capital and Management is not wholly a question of their respective share of earnings. . . . The fundamental grievance of Labour is that while all three are necessary parties to production, the actual conditions of industry have given to Capital and Management control not only over the mechanism of production but also over Labour itself."

147. " The attitude of a certain section of employers, who look on their employees as ' hands,' as cog-wheels in the industrial machine, *having a market value but no recognised rights as human beings*, is bitterly resented."

My first object in quoting these excerpts is to show that my own rather scientific analysis of the wage-system tallies exactly with its description by responsible business men. I have thought it important to state the case with verbal precision ; it is, however, equally important that it should be endorsed by writers well versed in practical affairs. We shall never get a true vision of the next great emancipating movement unless we thoroughly appreciate the foundation of existing industrialism. But we need be under no delusions : wagery will not disappear in a day ; the conscience of mankind has yet to be shocked, and after that must come the gradual adaptation of the new industry to the new thought.

My second object is more germane to my text, which is Reconstruction. Two practical issues emerge from these excerpts, just as they emerge from an abstract statement of Guild principles. These are (i) the question of *status* ; and (ii) of partnership.

They are, of course, obviously related to each other. Nevertheless, it is conceivable that a change of *status* might lead to something other than partnership—to profit-sharing, for example. It is clear, I hope, that if we could place Labour upon some basis other than the commodity valuation, we *ipso facto* change its *status*. The Guildsman, rejecting as he does the whole theory of modern industrialism, frankly faces the consequences ; but the Garton writers, believing in the continuance of industrialism, and therefore of wagery, seek a half-way house. The point to be noted is that they necessarily travel in the direction of the Guilds. And like the Guildsman, they realise that partnership is the only alternative. They accordingly propose a certain form of organisation, to which I shall refer in a moment. They then declare :

" This interrelation of functions constitutes a real partnership between the persons concerned in any business, whether as investors, managers, or workmen, or in any two or all of these capacities. At present the relation between them is unrecognised or only partly understood, and the result is to produce hostility instead of co-operation between the partners."

The admission of Partnership is explicit, but is it implicit in the proposed organisation ? I wish it were ; but let us see. In its simplest form, the new machinery is to consist of Joint-Committees, representing both Management and Workers. They are to be composed of representatives in equal numbers from both departments. Either side may bring up for discussion questions affecting working methods and conditions. Explanations of innovations or the intro-

duction of new machinery would be called for and must be given. Modifications and safeguards may then be proposed and differences, as far as possible, adjusted. *But the wage-system would persist.* These Joint-Committees are designed for isolated and independent concerns. And now, bearing in mind the general outlines of Guild organisation sketched in my last chapter, it is extremely interesting to follow the proposals for the staple trades. The Employers' Associations and Trade Unions are to join hands and constitute a " Supreme Board of Control," divided for practical purposes into a " Management Board " and a " Labour Board." Representatives of these boards would meet on the Supreme Board and deal with all questions affecting both parties. *But the wage-system would persist.* And now please remember that I predicated in the Guilds democratic election or selection of the hierarchy. Did you deem me to be an incorrigible optimist ? Then listen to this, written by practical business men :

" In its most ambitious form, the Supreme Board of Control would resolve itself into a National Industrial Council [rather like a National Guild, don't you think ?] for each of the staple industries or groups of allied industries. [It makes me suspect that the idea came from National Guilds.] The members would be elected by ballot, each electoral unit or pair of parallel units returning one representative of Management and one of Labour. In many industries it would be desirable to find a place on the Council for representatives of the Applied Arts, both with a view to raising the standard of design and workmanship, and

with the object of encouraging the human and creative interest in production. [A Guild idea!] A Speaker of broad sympathies and experience, capable of directing and focusing the discussions upon the practical problems to be dealt with, would be chosen by mutual consent."

Here, then, all unsought, we have all the externals of a National Guild and even something of its spirit. *But the wage-system would persist.* Nevertheless, I welcome these proposals, and believe, if adopted, they might grow in time into genuine National Guilds. Do they not prove up to the hilt the Guildsman's contention that some such form of industrial organisation has become necessary, not only on economic but also on human grounds? Are they not a tardy admission of the dignity of human labour?

In all this discussion there is an omission which may seem curious: nothing has been said about the intervention of the State. The business of the Employers' Associations we are, however, told must be, *inter alia*, the purchase of raw material "in conjunction with the State." But, broadly stated, the Garton writers agree with us Guildsmen that industrial autonomy is the true line of development. Elsewhere I have argued that it is preferable for the State to buy the raw material. This function, however, would be fought for by the Capitalists, and, of course, the National Guilds would insist upon obtaining raw materials through their own machinery.

With this *conspectus* of modern industry before us, the answer to my original question, whether the State or the several industries should have shouldered the

responsibility of supplying war requirements, is easily answered. Undoubtedly the industries, had they been organised in such a way that Labour had been brought into partnership, even as vaguely as the Garton writers suggest. I go further: Had there been no such organisation in existence, it should have been constituted *ad hoc*. We should then have had larger production, no bureaucratic muddling, and all the Labour difficulties would have been obviated. There is another point to be remembered. When in war, prepare for peace. These councils would have become the *cadres* for a peace footing. What I most desire to emphasise is that, in war or in peace, thoughtful business men agree that Guild organisation is best. Indeed, I think they recognise that it is inevitable.

Having got so far, I think I can hear some of my readers say to me: "We have read what you have written, only occasionally yawning, and it seems very technical; what we want to know is: Has it such a broad application to human life that we can concern ourselves with it? What in it is there to appeal to our emotions? Is our higher life in any way affected?"

I answer generally that our emotional life is not hermetically sealed against the ordinary facts of daily life. When I think in terms of human suffering and loss what is involved in the unending grinding of the faces of the poor, of their merciless exploitation, of their inhuman committal to a market valuation of the one thing they possess—their labour—I frankly confess that my emotions are touched to pity, to anger, to hope, and to a resolute determination to discover the cause of such a horrible condition of affairs and to remove it. But I would add that hard thinking as

well as fine feeling must usher in the new epoch. Let us first understand the facts, with their thousand implications, and our emotions will not long lie quiescent. Personally, I can do but little beyond pointing the way. I have already affirmed that it is the workers themselves who must work out their own economic emancipation. That is true; but we who are more happily circumstanced can prepare the way. I suggest two lines of thought and action: by a movement for national clarification of function; by an effort to purify education.

What do I mean by clarification of function? Mainly this: we do not realise that in these later days life grows more and more complex, and we try to pour all these complexities into the old moulds. Formerly everything was done through the agency of the Churches or of Parliament. Business we accepted with fatalistic indifference, it was merely our means of livelihood; for the rest, Church organisation sufficed for charitable and philanthropic objects, whilst politics was relegated to Parliament. But we have moved into a much worse complex order of society, and we find it necessary to call up other agencies to express ourselves. Take, for example, the Press. A newspaper lie affects us as dangerously as an adulterated food, perhaps as fatally as a poison. We accept our papers as we do the weather. Believe me, some serious thinking and speaking on the true function of the Press might save many a soul from damnation. Before we can reform the Press we must first be clear in our minds what its function ought to be. But, on larger lines, we must discover the true function of the State before we render something to Cæsar something that belongs to Pompey.

Our little inquiry into the meaning and scope of National Guilds has taught us, I hope, that there is work to be done by corporate action outside the sphere of the State. The overwhelming majority of our people seem to think that the State can quite properly do anything it pleases. Never was there such an urgent need for clarification of function. I deliberately use "clarification" and not "definition," which comes later. The time has come to state the true proportions and relations of our national activities as a condition precedent to great organic change.

In no sphere of activity is function more confused than in education. We confuse "education" (really a spiritual process) with instruction; we equally confuse the teaching of the humanities with technical training. Let me quote these words, written by an ex-teacher and present editor:

"More clearly in our educational system, perhaps, than anywhere else are the fruits of this evil relation visible (the association of economic with political ends, of civic with industrial functions); for even while we write, the controversy, first begun in the persons of Herbert Spencer on the one side, and Matthew Arnold on the other, still rages with varying fortunes in the direction, at one period and for a little while, of a humane and civic ideal, and at another in the direction of the technical and scientific. What, we are asked for six months of the year, can the end of education be but to produce the well-balanced mind, the all-round citizen, the man of the world? And what, for the other six months, we are asked, is the value to himself or the State of a citizen untrained in

any craft and unable therefore to employ the complex instrument which modern society puts into his hands ? "

Confusion of function again ! Yet it is certain that we want good citizens and good craftsmen combined. May it not be that here we can learn a lesson from the mediæval Guilds ? They trained apprentices in a way they were never trained before or since. And so, by parity of reasoning, may we not affirm that the technical and scientific training might and ought to be transferred to the National Guilds, whilst the humane and civic education remain a function of the State ? That is my own solution of that particular problem, clearly reached by an analysis of function. I merely suggest that extremely fruitful work can be done along these lines.

At the back of these economic and scientific problems we shall find a new spirit, calling up a new epoch, in which liberty asserts itself in the economic medium. A few more years of the wage-system will bring us perilously near to the servile State. Those of us who realise its true bearing on human life must bestir ourselves, each in his own sphere and by the methods best known to him. It is the one thing we must do if we have felt " the inexorable desire, which whoso knoweth shall neither faint nor sleep."

CHAPTER V

THE PERMANENT HYPOTHESIS—I

The Roots of Discontent

The spiritual and economic tumults of the war have quickened the national conscience in many ways—notably in a demand, almost universal, for reconstruction. Significantly enough, we hear of it more from the employing classes—from the less depraved profiteers—than from the wage-earners. Reconstruction, of course, does not necessarily imply a social and economic change for the better. If my income is seriously reduced by some catastrophe, I must " reconstruct " my life on more modest lines. The change may conduce to my moral welfare, but assuredly I neither sought nor desired it. Death and destruction may compel us, as a nation, willy-nilly to " reconstruct." If this be all that the cry for reconstruction means, a timely submission to *force majeure*, then its significance is limited to the material ; it is not a cry of the heart. Prudence merely asserts itself over principle and religion ; the proud assertion of a great national destiny is blunted down to a plaintive squeal for national thrift. We have yet to discover if these proposals for reconstruction are based on fears

for the future, or on a genuine passion, stirred by the war, for a more equitable system of life. It follows—does it not?—that when various groups and persons demand "reconstruction" after the war, we are entitled to inquire whether they are motived by prudence or by the heroic aspect of reconstruction, by a genuinely crusading spirit.

I do not assert that the two motives are mutually exclusive. It is possible that the "Round Table" group, for example, might contend that, whilst they appreciate and largely endorse an heroic reconstruction, tantamount to a mild revolution, the war has put us all out of joint, and that, in consequence, there is nothing for it but a cycle of thrift based on the permanent hypothesis of wagery. Broadly put, that is the assumption underlying the Garton Memorandum[1]—a "Round Table" pronouncement, I suspect, and about which I shall have much to write. I hasten to add that I see no evidence that this and kindred groups have as yet ever dreamt that this permanent hypothesis is neither tenable nor permanent: that present discontent is largely rooted in the exasperating fatuity of that hypothesis. Nevertheless, these groups of conscientious men, who are not without a sense of social compunction, have their uses. They tell us how far they are prepared to reconstruct (subject to the practice of thrift amongst the working classes); they frankly admit that the existing industrial system cannot now be defended; that a change is imperative. Paragraph 2, for example, of the Garton Memorandum:

[1] *Memorandum on the Industrial Situation after the War*, the Garton Foundation. London, Harrison & Sons. 1s. net.

" The seeming prosperity of the country during the war has obscured the realities of the situation. Because the war has not given rise to unemployment and the financial crisis which followed on its outbreak was successfully tided over, many observers ignore the industrial dislocation which has taken place. Because there has been a general cessation of disputes between Labour and Capital, which has enabled us to concentrate our energies upon the vigorous prosecution of the war, they imagine that the problem of industrial unrest has in some way been solved."

Paragraph 5. " Even under the stress of war there is ill-feeling, suspicion, and recrimination. Charges have been made against each side of placing personal and class interests before national welfare, and of using the national emergency to snatch present gains and to strengthen its strategical position for the resumption of industrial hostilities."

The Memorandum bristles with similar admissions that the existing industrial system is both archaic and volcanic. Nor does it dare to place the blame exclusively on Labour. On the contrary, it frankly recognises that Labour has many and intolerable grievances. I will return to them ; but meantime a point of great importance emerges : Under the stress of the war is Capital hardening or relenting towards Labour ? Can it be doubted that as war profits have accumulated and labour has been diluted, Capital has grown more arrogant and assertive ? In the early days of the war, a capitalist daily paper printed a manifesto calling upon profiteers to desist from profits during the war. It was, of course, ignored. But the

manifesto was a gesture showing a prevalent, if not a prevailing, conviction that the exaction of profits (at least in war-time) was anti-social. A far cry that from Lord Lamington's recent letter in the *Times* frankly advocating the practical suppression of Trade Unions. Lord Lamington is not alone. In his, and similar circles, the same sentiments are freely uttered over the nuts and wine. To give them publicity was an interesting indiscretion.

Better evidence, however, is found in "Some Reflections of a Soldier" (*Nation*, 21st October 1916). He has come home again. He finds that the values have all changed—so changed, indeed, that he doubts if he is really at home. He feels "like a visitor amongst strangers whose intentions are kindly, but whose modes of thought I neither altogether understand nor altogether approve." He and other soldiers went out to fight for an idea; he comes back to find quite other ideas predominant. "You speak lightly, you assume that we shall speak lightly, of things, emotions, states of mind, human relationships, and affairs which are to us solemn or terrible. You seem ashamed, as if they were a kind of weakness, of the ideas which sent us to France, and for which thousands of sons and lovers have died. You calculate the profits to be derived from 'War after the War,' as though the unspeakable agonies of the Somme were an item in a commercial proposition. You make us feel that the country to which we've returned is not the country for which we went out to fight!" Not for the first time in our history, the army and the country have drifted apart. Our soldiers have toiled and moiled for Rachel; on their return, they are asked to contem-

plate the faded charms of Leah. " While you seem—forgive me if I am rude—to have been surrendering your creeds with the nervous facility of a Tudor official, our foreground may be different, but our background is the same. It is that of August to November 1914. We are your ghosts."

I shall show, in a moment, that this soldier knows of what he writes. But can we read these words without shame and emotion ?—" They carry their burden with little help from you. For an army does not live by munitions alone, but also by fellowship in a moral idea or purpose. And that you cannot give us. You cannot give it us because you do not possess it. You are, I see, more divided in soul than you were when I became a soldier, denouncing the apostles of war, yet not altogether disinclined to believe that war is an exalting thing, half implying that our cause is the cause of humanity in general and democracy in particular, yet not daring boldly to say so, lest later you should be compelled to fulfil your vows, more complacent and self-sufficient in proportion as you grow more confident of victory and have less need of other nations, trusting more in the great machine which you have created and less in the unseen forces which, if you will let them, will work on your side."

Poor soldier-man ! He believed in our statesmen's proclamation that we were fighting for democracy. He had a simple faith that divine forces were shaping our ends. He returns to find that we are afraid to register any vows lest peradventure we may be called upon to fulfil them. We are, instead, calculating our profits from the war after the war.

Can it be true, however, that the army is still think-

ing in terms of 1914? Can it be true that we are already calculating our future profits? Let us return to the less imaginative Garton Memorandum. Please remember that in 1914 industrial Labour was asserting itself in inverse ratio as political Labour was degrading itself. Paragraph 6:

"There is evidence that many of the men who return from the trenches to the great munition and shipbuilding centres are, within a few weeks of their return, amongst those who exhibit most actively their discontent with present conditions. Among those who have fought in Flanders, or have been employed in making shells at home, there are many who look forward to a great social upheaval following the war. To some this may be distressing and almost incredible. The facts remain, and the facts must be faced."

Why distressing? Why incredible? These men believed in and fought for democracy — economic democracy. It rather looks as though the discontent of 1912–1914 will be accentuated by the war; that the army really believed in democracy, and, on its return, means to have it.

But about the profits out of that glorious "war after the war." Our "Round Table" friends have distinct commercial aptitude. Paragraph 21:

"In the devastated districts of Belgium, France, and Poland reconstruction on a big scale will be necessary. Roads, bridges, railways, factories, machinery, houses, churches will have to be reconstructed or replaced. In this work our foundries and factories will find their opportunity."

The hungry profiteers (who doubtless are praying for more and yet more destruction) are to be let loose over the devastated areas; the permanent hypothesis is to be yet more firmly established; and the writers of the Garton Memorandum to prove themselves equally devoid of shame and good taste. I do not exaggerate; the economic theory is quite clearly stated. Present prosperity is artificial and transient. It is due, in part, "*to the temporary absorption into industry of people who will not continue to be producers after the war.*" It is due, in part, to "the inflation of currency and the concentration of purchasing power in the hands of the State, which has not to study the absorptive power of commercial markets for the disposal of its purchases, but uses them to destruction as fast as they are produced." After the war, we are again to lapse into the "normal conditions" of supply and demand. No nonsense about that! No State could possibly study the "absorptive power" of a demand for sugar or corn or foodstuffs or coal or cotton. No National Guild could do it. That is peculiarly the task of the profiteer. He knows; nobody else does. Besides—this is the vital point—if the National Guilds, producing and purchasing, were to supplant the profiteers, the permanent hypothesis (that the labour commodity must also readjust itself to supply and demand) would go by the board.

Think of it! If the Guilds came in, they might comfort and repair the desolation of Belgium, Poland, and Servia *without a penny of profit*! They might even leave Guilds behind them. If this happened, the war would indeed be a Pyrrhic affair. Let

us have no new-fangled notions; let us pursue the way of our fathers—the State to control destruction, the profiteer to control production. As for "democracy"—pish! The "unseen forces"—tush! Luckily we may take heart of grace. This soldier, with his inconvenient conscience, returns to the front; Sir John Jackson remains at home.

I think we can now glimpse the soil in which the roots of discontent grow and flourish. Our soldier tells us that a cultured civilian explained to him that his feelings were not shared by the "common soldier"; that they were confined to "gentlemen." This misconception has prevailed amongst the governing classes since the days of Epictetus and Christ, whom "the common people heard gladly." It is the assumption that property possesses a special spiritual warrant. Every generation proves it to be grotesquely false; every generation clings to it as faithfully as to the permanent hypothesis. Yet who is there who has lived amongst them who will not agree that a larger proportion of the oppressed are gifted with greater spiritual perception than their oppressors? Does the point seem remote? It is entirely germane. For spiritual perception precedes an understanding of social and economic problems. This soldier's words are penetrated with it; he accordingly writes with power and distinction. The writers of this Memorandum are spiritually blind, and so their words are hollow. They may retort that they are not concerned with ethics.

Assuredly they cannot escape from some kind of ethical standpoint. Are there no canons of right conduct, no sense of dignity and seemliness, in the workshop and counting-house? But our writers

understand that ethical considerations necessarily arise. The repudiation of the national debt is raised. " Anything amounting to even partial repudiation or to adverse discrimination between holders of war-loan and of other securities would be unjust, dishonourable, and disastrous." Next we come to *status*. " The great obstacle to co-operation is the question of *status*. The ill-will of Labour towards Capital and Management is not wholly a question of their respective share of earnings. Friction arising over the distribution of earnings is in itself due quite as much to a sense of injustice in the machinery of distribution as to the desire for actual increase of wages." Our propaganda begins to tell. More ! These writers understand that *status* hinges on the conception of labour as a commodity. They say so : " The worker feels that his labour is treated as a mere commodity, the market value of which may be forced down by the Employer, irrespective of any consideration of a decent standard of life for the Employed." Clearly this is an ethical (or, as our writers put it, a " non-economic ") aspect of reconstruction.

Why, then, do I assert that the writers are spiritually blind ? Here is a vital point, urged by *The New Age* for a decade or more, quite frankly faced and admitted. What more do I want ? It was said of some statesman that he " boldly faced the difficulty—and passed on." This Memorandum does precisely the same thing. Do its writers admit or deny that, economically or socially considered, labour is, in fact, a commodity ? They merely tell us that it is so asserted—and pass on. Now, they must surely realise that here is the crux of the whole problem. They

ought to know that the new school passionately rejects the theory that labour is a commodity. If they do not, let them read a book entitled *National Guilds*. If labour really is a commodity (as the classical economists assert), why waste ink and paper on the problem of *status*? For it is certain that, so long as it is economically, or socially, or spiritually, considered to be a commodity, its *status* is exactly that of manure. In other terms, we have achieved the servile state. Wagery and slavery have met and merged. On the other hand, if labour is essentially a human element, both in production and distribution, then we are faced with a new fact that must dominate every scheme of reconstruction. If our writers do not understand this, then they are obtuse; if they do understand it, and decline to follow its implications, they are obviously insincere. In either alternative, they are spiritually blind. I assure them that sooner or later they will be found out.

I cannot resist the conclusion that the self-complacency with which they clothe this aspect of the question must, in itself, prove a prolific source of discontent. They are like the editor of the *Spectator*, who has carried self-complacency to the giddy heights of spiritual cowardice, or like the Webb group of bureaucrats, who tell us that the way of salvation is research and yet again research; who bury the fundamental facts under a cairn of statistics. We ask for genuine reconstruction founded upon the new conception of labour as a sanctified human factor; we get an evasion of the cardinal fact, and are offered workshop control plus an industrial national council, which would not trench upon the functions of Em-

ployers' Associations, who are still to profiteer to their hearts' content. Does it not make serious thinkers furious?

I offer no apology for emphasising the religious or spiritual aspect of reconstruction. I am old-fashioned enough to believe that we cannot reconstruct (and by "reconstruct" I do not mean "to patch") without a religious impulse. It does not suffice merely to collate the facts—any callow undergraduate could do that—to present an *olla podrida* of unrelated problems of widely different values and significance. We are entitled to ask the "Round Table" group what they really believe; at what altar they worship.

If, however, ethical considerations must be ruled out, if imagination and spiritual insight are *de trop*, we can easily discover other roots of discontent of a more specifically material order. Apart from the thousand and one grievances inherent in the wage-system—grievances that are the staple food of the Trade Unions—the great underlying element of discontent is found in the fact that political democracy is a mirage because it is not correlated with economic democracy. Unless we understand this, we shall never grasp the essentials of reconstruction. The main proposals in this Memorandum are doomed to failure because they deliberately refuse economic democracy. They do worse; they make a pretence of it. The members of the Supreme Board of Control are to be elected by ballot, "each electoral unit or pair of parallel units returning one representative of Management and one of Labour." But! "Such Industrial Councils would in no sense supersede the existing Employers' Associations and Trade Unions, many

sides of whose present activities would be unaffected by the creation of the new bodies. Matters connected with the sources and supply of raw material and the cultivation of markets for the disposal of the finished products would remain exclusively the concern of purely commercial federations of manufacturers, acting in conjunction with the State." As if they were not acting in conjunction with the State already! Where have the "Round Table" writers been hiding all these years? To make a pretence of economic democracy, with its voting by ballot, its "Speaker" and all the rest of its political gear, and then to reserve the substance for the Employers' Association, is to court not merely a storm of derision, but to incite to anger the workers whom they set out to placate—or to deceive.

With a new Britain looming up before us, the question may well be asked: "Why not an economic democracy without more ado? The answer is absurdly simple: Because the permanent hypothesis, with its bar sinister, blocks the way; because our capitalists, with their following of scribes and pharisees, are determined to maintain and retain labour as a commodity. In consequence, we find industrial discontent rooted in the considered determination of the possessing classes to yield nothing that is conferred upon them by the permanent hypothesis. I can easily understand that the Trustees of the Garton Foundation (Mr. Balfour, Viscount Esher, and Sir Richard Garton) very readily "permitted the devotion of its staff and resources to this work."

CHAPTER VI

THE PERMANENT HYPOTHESIS—II

Quo Vadis?

Whilst proletarian discontent is rooted in the intangible tyranny of the permanent hypothesis, it by no means follows that there are not other discontents springing from intellectual disquietude. The intellectuals have shown their dislike of the existing system and denounced it in polite terms. The Fabian Society, for example, is busy discussing "The World in Chains" (evening dress optional and a paltry one guinea the course, numbered and reserved stalls, Dr. Saleeby the first chairman), in which great thought (led by Sir George Radford, M.P.) is devoted to the problem how to enlarge our freedom without breaking the chains. If the chains were broken, where would those guineas come from? It is indeed a sign of the times when such a respectable and cautious body of social students wakes up to the existence of chains. Men with a stake in the country need, however, have no fear. Mr. Webb's syllabus is reassuring: "The individual is always in chains, *and is not necessarily either the less happy or the more cramped in his development because of the limitations of which he is conscious.*" The manual

worker's chains gall rather much—we really must admit it—" (*a*) by his poverty; (*b*) by his limited mental development and by ignorance; and (*c*) by the condition of his employment." It seems a little dangerous to drag in this third item, but in war-time one must take risks. After all, it is only a verbal admission. The cure? "The unexpected profitableness of enforcing a National Minimum of Civilised Life. The unforeseen freedom of national service. Will our governing class have the good manners to choose equality?" Mr. Sidney Webb's thoughts go back with love and longing to 1880.

Personally, I am not disposed to bend the knee to the governing class and pray that, in their strength and mercy, they will give us equality. But Mr. Webb's vision is only slightly blurred by the governing classes' oft-iterated intention to stay where they are just as long as the permanent hypothesis permits. His heart is in "the unforeseen freedom of national service," when we shall all, *con amore*, obey those good and kindly bureaucrats, who will go to him in all their perplexities. Chains? Oh yes; but polished to a beautiful smoothness and engraved with Shavian epigrams.

That studious pundit, Mr. Graham Wallas, also contributes to the discussion. Let me pluck a flower or two from his bouquet: "Success in the development of a democratic State depends first on its political machinery." He apparently has never heard that economic power precedes political action and dictates its form. He proceeds: "The success of a democratic State depends secondly upon the existence of certain habits of mind among its citizens."

A mind that readily adapts itself to the permanent hypothesis. His conclusion reads: "Democracy, therefore, depends for its success on the temper of its schools and universities and churches, its Trade Unions, and learned societies and families as much as on the ingenuity of its political machinery or the patriotism of its politicians." Not a word about wagery. Hush! We must not obtrude such a vulgar word upon the startled consciousness of the delicately abstract.

If the Fabian Society discloses no new tendency, fails to "embrace the purpose of God and the doom assigned," others, more alert, realise that the war has changed our life. Two crusading twins in the *Times*, writing as "D. P.," have developed their views with a certain picturesque clearness. Their argument can be shortly stated. Their main premiss is that British industry must more generously call science to its aid. And science can only adequately act its rôle in spacious ways. The day of the hundred thousand pound company is gone for ever; in the future we must think in millions. The old petty competition must give way to a large integrated co-operation. The small company cannot profitably employ a platoon of chemists and other specialists; that is the responsibility of the large millionaire concerns. But where are these chemists to be found? Unhappily we have not got them in sufficiently large numbers. Sir Ray Lankester blames the Civil Service. He contends that it has given an unfair bias towards the old classical side by overmarking Greek and Latin and undermarking science. In consequence clever and ambitious boys are drawn to the classics, and the modern side is *pro rata* impoverished. Personally, I am very glad it is

so ; we want science in our industrial work (using the word in its broadest meaning), and the humanities in our administration.

I fancy " D. P." rather agrees with me, for his (or their) argument really leads to the conclusion that our great industrial concerns must train their own chemists. I shall show, later on, that this is the true line of development. But let me quote : " In this time of reconstruction there are two entirely divergent ways in which the new education may develop : one leading straight to Britain's last muddle, and the other to an Imperial renascence. The first is the traditional method, planless, incoherent, wildly wasteful. It begins in a tangle of agitating bodies, committees and organisations ; it goes on to much zeal, more anger, storms of blame, scraps of fine performance. . . ." We all know the process, so I need not quote further. " The second is a replanning of scientific education and research, concurrently with, and as a part of, a systematic amalgamation and co-ordination of industries, so that the same men who plan the plant may have a decisive voice in the education of the men who will work the plant." But this co-ordination carries us a great deal further. It means that the trained expert is at last to bear his true share in management. No wonder the writers declare that " the experiment of controlled establishments, the experiences of trusts and combines, German State Socialism, the theories of Guild Socialism, are all in the solution."

These two critics have realised that not only do we want industry on a much larger scale, but it must be " quasi-nationalised." Having reached this con-

clusion, a weak dilution of the theories propounded by national guildsmen, we are next exhorted to snub them. "Let us by all means continue to snub them, take it out of them socially, and so on, but let us at least see whether some use is not to be made of their ideas. These new ideas among the workers need not make for conflict, but they certainly will make for conflict if they are ignored." We shall not be ignored, and we cannot be snubbed; but the argument is to me extremely interesting, for it coincides with what was written in *The New Age* in 1912 and 1913. We were then denounced as Utopian. Time has proved that ours was the true vision.

There is a suspicious similarity between the thesis of "D. P." and the proposals embodied in the Garton Memorandum. It is only a step from the closer association of the skilled man in management to workshop control; but I am concerned for the moment with technical education and research. Paragraph 108:

"For industrial purposes research may be classified under two headings—Theoretical Research of a general nature, having no obvious and immediate practical application, and Specific Research directed to the solution of definite problems of production. . . . The encouragement of Theoretical Research, which may yield results of national utility, is a proper object for State action. Specific Research, the results of which will be capable of immediate commercial education, can best be carried on in close connection with the industries concerned."

So far, again, this and the Guild proposals are in harmony. But the Memorandum proceeds to urge the

Employers' Associations to subsidise Technical Colleges or Municipal Laboratories in the leading centres of industry. "Such subsidies might even be extended to research of a more general character, in any field touching the materials and processes of the industry in question. The results obtained by the scientific experts could then be submitted to the staffs of works laboratories, who would at once recognise the commercial possibilities which they might hold, and could refer them back for specific research along the lines indicated by their practical knowledge and experience."

My immediate purpose is not to discuss scientific research or technical education, but to ascertain the true mind of the reconstructionists, to sense out the real tendency of their proposals. This tendency expresses itself crudely in the more concrete question of wages and labour organisation and more subtly in such a problem as education. Let us look, then, at the inner meaning of these proposals. In the first place, the Employers' Associations are to pay for scientific research, either directly or by subsidy. That being so, it follows that they shall direct and control all specific scientific research. The workers who do research have only to follow the lines laid down by their masters.

It does not require much imagination to see the result. Scientific research is harnessed to the permanent hypothesis; it is removed from pure science and becomes a process in profiteering. Science is cornered and becomes a capitalistic monopoly. Suppose some clever researcher discovers something that would render superfluous one of the employers' most profitable products? A discovery may easily

prove of untold economic value and yet cause great commercial loss. I need hardly remind the Garton writers that economic and commercial values are by no means identical. Sooner or later, the workers will understand that it is to their own interest to keep a firm grip on science and technical training. Secondly, it is proposed to utilise Technical Colleges and Municipal Laboratories for commercial ends. The writers go further; they would penetrate the Universities :—" A University should not only be a training-ground for the recognised professions, but a centre of research in connection with the industries of the country." It is high time that a new spirit descended upon our universities, but the Birmingham model is best avoided.

The truth is that these reconstructionists have not thought out their problem. The permanent hypothesis obfuscates while it enriches; it entices to deceive. The possessing classes rely upon wagery, not only to secure to them all surplus value, but to yield them sovereignty over mankind's mind and conscience. It is to them natural and appropriate that they should control education. In elementary education, Whitehall does it for them (under the guise of democracy); secondary, technical and university education is their private preserve by the simple process of paying for it. Yet the essence of education is that it shall be free; that it shall not be " in chains." The Garton Memorandum demands a free, self-respecting, intellectually and technically educated proletariat, but fails to understand that this is only possible when the workers pay for their own education and training—*and control it.* Can we doubt that a curriculum demanded by the

workers out of their own experience and aspirations would diverge widely from one imposed from above? We may cordially admit that these Garton proposals are made in good faith and with high expectations, but blinded by the permanent hypothesis, they fatally disregard the psychology of the workman.

How, then, do we, as Guildsmen, differ from the Garton Memorandum and the *Times* correspondents?

The answer is to be found in our conception of the functions of the State and the Guilds. To the Guilds we would transfer every economic activity, subject to the grant of a State charter in exchange for the equivalent of economic rent. To the State we assign the purely political work, which, rightly understood, is to interpret the spiritual and intellectual mind of the nation. May I quote from *National Guilds*? [1]

"The problem, then, of the Modern State is to give free play in their appropriate environment to the economic and political forces respectively. We have seen that they do not coalesce; that where they are intermixed, they not only tend to nullify each other, but to adulterate those finer passions and ambitions of mankind that ought properly to find expression and satisfaction in the political sphere. It is a quality inherent in private capitalism to dominate and mould State policy to its own ends, precisely as it exploits labour. If the interests of private capitalism were synonymous with those of the community as a whole, this danger might be theoretical rather than real. But we know that the assumption of unity of interest between private capitalism and the State degrades

[1] *National Guilds*, p. 258.

the standard of national life and stifles all aspirations towards that spiritual influence which is the true mark of national greatness."

In the succeeding chapter, education is correlated with these political and economic functions:

" But if this apportionment of the duties, as between the State, as a whole, and the Guilds as autonomous but limited functions of itself, is possible, the same principle carried into the sphere of education would equally well determine the relative provinces of civic and technical education. For it is plain that as duly authorised and charged with the responsibility of skilled industry, the Guilds at the same time would become responsible for the technical training necessary in each of their crafts. And while they would thus be responsible for technical training as such, the State, as a whole, would have the duty of civic education in general." [1]

Reasoning from a sound premiss that rejects the permanent hypothesis that labour is a commodity and sees in the Guilds the inevitable structure of society that protects labour from the degradation of the commodity theory, we instantly find a true and practicable solution not only of education but of a host of other perplexing ailments in the body politic. No other scheme of life, so far as I know, is adequate to the task. Until, therefore, some more reasonable theory supplants us, we can only test the validity of present proposals as they approximate to our creed.

Outside our own school, what, then, is the tendency

[1] *National Guilds*, p. 265.

and drift of the various proposals sprung to life out of the war? Is it not evident that they all betray anxiety as to the spirit and temper of Labour and a distinct willingness to raise its *status*? The current vocabulary affords some guide to the trend of thought. President Wilson recently, in good round terms, condemned the conception of labour as a commodity. The Garton Memorandum mentions the theory without condemning it. It is clearly in the air. I think we may claim to have made distinct progress, for nobody thought of it, let alone mentioned it, before *National Guilds* was written. And just as we embraced the whole scheme of autonomous labour, so now others are coming at it by easy stages. From every quarter admissions are freely made that labour must have much greater control over its own life in the workshop. When these concessions are spontaneously offered by the employers, it is not for us to accept them with whispering humbleness. On the contrary, if that be the employers' minimum, Labour must demand the maximum.

CHAPTER VII

THE PERMANENT HYPOTHESIS—III

The New Social Contract

The evidence already quoted proves, I think, that as a people we have finally rejected the old conception that Labour's business is to obey without question, criticism, or dissent. Industrial policy has been influenced, if not penetrated, by new social conditions, predicating a new *status* for the practical workers in every sphere of economic life. The recognition is now general, indeed, almost universal, that Labour has won through to some form of partnership with the possessing classes. The deed of partnership has not yet been signed; its clauses have not been discussed; its purport is admitted but not defined. When the parties to the bond meet to agree, it will be found that their agreement is general rather than specific; that, in the final analysis, no harmony can be reached until the permanent hypothesis is abandoned. The danger lurking in the immediate posture of affairs is that, whilst the present possessors will at great hazard adhere to that hypothesis, Labour has yet to learn and understand in principle and detail why and how it is an imposture. Nevertheless, it is surely the opening of a

new epoch when we turn our backs upon the old system. Not that as yet we have travelled much beyond it. The most we can say is that Labour can no longer be excluded from a voice in industrial policy; but the weight to be attached to it has yet to be considered. Without doubt Labour has great weight; has it the strength to impose it? Can it pass from the "passive" to the "active"? Has it the intellectual and moral power?

Pondering these epochal issues, I reach a point in the argument where purely economic considerations prove inadequate. For how can we assess the means of life without a prior valuation of life itself? Here we hit upon a spiritual hiatus in English life. We have developed the cult of the "practical" to such excess that it has become a national sin. We have accumulated untold wealth, giving our minds and hearts to it, with the most sketchy and illusory ideas how rightly to spend it—or, in other words, how to live. It needs only a detached view of English life—English rather than British—to realise this. There is, to-day, no corporate life in England. It is broken up, as though by a volcano, into isolated surfaces and gaping fissures, across which the sundered inhabitants signal to each other, sometimes in terms of hatred, invariably in terms that are misunderstood. A not surprising result, when we remember that on these islets within the island the several populations live a different life and speak a different language. The isolation is not only physical; it is mental and moral. So widely separated are these groups that intermarriage is regarded as a degraded exogamy; they maintain their own distinctive schools of writers, preachers, and moralists;

each ignores the ideas, ambitions, and faiths of the others.

The war, we are told, has induced at least a temporary unity; but no harmony in our national life is conceivable until these fissures have been bridged and a spiritual and material coalesence achieved. And that ultimately depends upon our national sense of the dignity and purpose of life. Now the foundation of dignity is self-respect. The moral difficulty that confronts us is that the permanent hypothesis destroys the self-respect of Labour, compelling it not only to value itself on a commodity basis, but to acquiesce in the morality of its masters. Is it not evident that, before Labour can make its weight felt in the new social contract, it must evolve a new conception of the life to which it aspires? In my own experience, during the last thirty years, just as the permanent hypothesis was the economic obstacle to any substantial advance, the spiritual obstacle has been a furtive admiration of capitalistic morality.

If we approach the new condition of affairs in an ethical spirit (so far as it can be disentangled from the economic), it seems clear that there is a vital essence which must be implicit in the contract. Freedom! For just as dignity is built upon self-respect, so, in its turn, self-respect is the offspring of liberty. I can afford to wait patiently for the time of awakening when the permanent hypothesis and freedom shall be found to be incompatible. It must inevitably come when we reach the detailed discussion of the new social contract.

In this connection it is worth noting that we can rely upon reinforcements. Decade after decade, all through the century that has developed wagery, an apostolate

of freedom has passed on its flickering and tormented torch. If it has rarely burst into celestial radiance (once, perhaps, in the days of Mazzini), it has always proclaimed that freedom is greater than all else in our national life—freedom to speak and write, freedom to live in such wise that we may realise the divine within us. It was the inspiration of the Chartists ; it lighted the path of the early radicals ; it was the heirloom of the Nonconformist Churches (who but dimly understood it, yet vaguely invoked it) ; the manufacturers pressed it into service, seeking to kill the feudalism that thwarted their ambitions. It is one of history's grim jests that this apostolate linked itself to the economic system that to-day enslaves mankind by the sanction of its permanent hypothesis. If we regard, with what sympathy we can, the predicament of the living apostles of this cult—Mr. Massingham is its archpriest—we find them in tragic perplexity. They still want freedom more than riches ; they are discovering that freedom is a vain thing without economic power. They have at length discovered that " social reform " is but a stage in capitalistic development, a phase of economic enslavement. I am not without hope that the war's upheaval will throw them out of their old entrenchments, and show them the true direction to point their guns. For myself, I would welcome their adhesion to the new doctrine that it is only by rejecting the tyrannous theory that labour is a commodity that freedom can be won. We who have pioneered it know what it means to live solitary in the desert ; and Labour, never more than now, wants disinterested intellectual support.

What is here written as to the cardinal importance of

a prior valuation of life and the existence of a spirit of freedom (as yet unconscious of its vital relation to economic life) will not, I hope, be deemed irrelevant to our consideration of the new social contract. Both aspects are essential. For it is not by legal enactment, but by the unseen forces, emanating from the social conscience, that the new régime will become a living fact. In an age of legalism, we are apt to forget that every great revolution preceded established law, only by slow and painful stages, *and out of experience*, inscribing itself on the statute book. We can only appreciate the strength and meaning of a new order of society by taking stock of all the factors by which it conquered. The factors to be conciliated by the new social contract are (*a*) a more or less blind revolt against degrading conditions; (*b*) the imperative necessity of a more scientific and efficient system of production; (*c*) the call for a higher spiritual and moral life; and (*d*) a revivified passion for freedom. The statute law may regulate, in greater or less degree, conditions arising out of the contract, but it is a *magna charta* not written by hands and only realised in the spirit.

But that is true also of the existing system. We do not live by written law, but by tradition and sentiment. The statute book, with its imposing array of factory laws and regulations, barely touches us; we resort to it only that we may test how far custom has embodied itself in law. "Good form," in some walks of life, is a more potent agency in conduct than law; habit and custom rule our goings and our comings. In the relations between employers and employed, no doubt law, if called upon, can lay its heavy hand upon Labour, with its subtle renderings of "conspiracy"

and " restraint of trade," but, in general, industry is regulated by " the custom of the trade " and by the non-legal policy of compelling Labour to obey by the alternative of starvation. Even amongst themselves there is a well-understood convention that employers shall not push their legal rights or unduly exert their economic power against their employees to the embarrassment of their colleagues or to the danger-point of an explosion. The Bishop of Winchester puts it clearly enough in a letter to the *Times*. Defining " profiteerers " as men whose absorbing thought is on the dividend, and that alone, he remarks that it is " all-important to know whether capital, like other interests and faculties, has power to control its own black sheep." In like manner, it is equally important that we shall know whether Labour has power to control its own blacklegs.

Important though it be that we should rightly appraise the comparative remoteness of Parliamentary law from the birth and completion of the new social contract, nobody is quicker than the accomplished lawyer to seize the significance of new tendencies and movements. Lord Wrenbury, for example, who is probably our greatest living lawyer. He has noted that the old social contract has been dissolved by the war. Employers and employed, he tells us, will return from the war, their views of each other profoundly changed. Our industrial system must change with it. Lord Wrenbury now sees the imperative need to confer upon Labour a new *status*. " For every relevant purpose every labourer is a capitalist and every capitalist is a labourer." He puts the new conception of Labour with characteristic force : " The skill of the

labourer, which he has acquired by years of practice, his habits of industry, his tools, and so on, are as much capital as are the accumulated funds of the capitalist. Even the dock labourer, who brings little more than muscular strength, equally brings that in as his capital." He condemns the Trade Unions for limiting production (which shows he has yet much to learn), and then affirms that increase of production is increase of wealth (which shows he has yet much to learn), and that "as wealth increases the comfort of every member of the community must in the long-run increase" (which shows he has yet much to learn). "The labourer, however, insists, and not, I think, unreasonably, that he wants presently and at once to see distribution made upon terms which seem to him more equitable." Clearly a change of *status*, for hitherto distribution has been the exclusive function of the employer.

Lord Wrenbury now ponders the possible terms of the new social contract. Still obsessed by the permanent hypothesis, he naturally accepts the continuance of the capitalist as such. He sees, however, a grave lack of harmonious action between capitalist and labourer (even though, *ex hypothesi*, the labourer is a capitalist too). Why? "Principally because while both employer and employed contribute to production, *the thing produced belongs to the employer to the exclusion of the employed*. This fact lies at the root of all industrial discontent." Can it be possible that Lord Wrenbury has glanced at page 75 of *National Guilds*?

"The fundamental fact, common to every kind of wage, is the absolute sale of the labour commodity,

which thereby passes from the seller to the buyer and becomes the buyer's exclusive property. This absolute sale conveys to the buyer absolute possession and control of the products of the purchased labour commodity, and estops the seller of the labour commodity from any claim upon the surplus value created or any claim upon the conduct of the industry. The wage-earner's one function is to supply labour power at the market price. That once accomplished, he is economically of no further consideration."

Lord Wrenbury, whilst admitting the truth of our statement, is greatly distressed about it. He wants to square the circle: "That man will have solved the problem who finds the way to give the employed *upon commercial principles* a share and interest in the thing produced." Need I assure Lord Wrenbury that, inside the ambit of the wage-system, that problem can never be solved? He has rejected the old idea of a submissive proletariat, but he cannot understand (blinded by the permanent hypothesis) that "a share and interest in the thing produced" is the negation of capitalist exploitation, with the resultant rejection of "commercial principles." Let me remind Lord Wrenbury of a factor he has omitted. He wants to give the "employed" a share of the thing produced "upon commercial principles"; he completely forgets that it can only be produced "upon commercial principles" with the passive co-operation, yet effectual help, of the unemployed. Is he prepared to give, "upon commercial principles," a share and interest in the thing produced to the unemployed?

I think we can now perceive that, whilst the old

social contract has been torn to shreds by the war, whilst such writers as " D. P.," the Garton Researchers, and a great lawyer like Lord Wrenbury are agreed that a new social contract must be framed, they have not as yet hit upon the formula to guide them. They can only see, in a greatly accelerated production, economic restitution after war's ravages. To that end, they are prepared to concede to Labour a new *status*, and, in some way not yet evolved, more liberal remuneration. Undoubtedly, they have been touched by the human issues of the war, perhaps grasping the possibility of trench *camaraderie* being ultimately transmuted into economic fellowship. But their imagination boggles at the plain fact that enduring fellowship is impossible when founded on a false relationship. There can be no fellowship between men whilst a small minority regards the labour of the majority as a commodity. Disguise it as they may, let them refer to it never so discreetly, it is this lie of the century that divides the nation ; that will continue to divide it until we indignantly reject it with a moral passion supported by the logic of economic facts.

The distinguished lawyer whom I have quoted has gone to the root of the problem with his deadly query—who really ought to possess the finished product ? But he, like all the others, cannot see (blinded by the permanent hypothesis) that, as the new social contract is established, so-called " commercial principles " become obsolete. For the essence of these commercial principles is the buying and selling of commodities, of which the most important is labour.

I have emphasised the spiritual and social significance of the new contract, because on examination it

is found to involve a change of heart—a revolution in all our ways—our way of thinking, our way of acting, our way of faith. Inevitably so, because the mass of mankind shall have mounted to a higher plane, transforming in its course our whole conception of economic life, of " commercial principles," of a purblind law still mumbling ancient maxims. Is it worth our while to maintain the pretence of the permanent hypothesis ?

CHAPTER VIII

THE PERMANENT HYPOTHESIS—IV

Outlines

When we reach the operative clauses of the new social contract, we fall, with a thud, from the spacious realm of the speculative upon the actualities of life. It is inevitable. Nor would we avoid it if we could. For economics does not embrace all life, nor explain all history. We may differ as to the part played in history by the materialistic factor; when the learned men of the world are disputing over it, who am I that I should decide? My quarrel is first with those who ignore it altogether, and, secondly, with the monstrous regiment of scribblers who cannot intellectually escape from that *œconomia vulgaris*, which, since the days of Bentham, has been the palladium of our commercial system. Nevertheless, it is our business, with vigilance and patience, to infuse popular political economy with a greater and ever greater "content." It is only in this direction that any compromise is possible.

I remember that many years ago the "catastrophic theory" was popular in certain Socialist circles. The argument was too easy to be true. The capitalistic system would one day finally disintegrate, the transi-

tion to Socialism being the work of a few hours. The disintegration would, of course, have been proceeding (as with the one hoss shay) for a long period, to culminate in some dramatic event—the universal strike, a great tumult, or what not. Therefore, the duty of all Socialists was to push on with their propaganda, looking neither to the right nor the left, inspired with the belief that the catastrophe might come at any moment, like a thief in the night. And any compromise with the enemy merely postponed the advent of the great day. We have all, I think, passed beyond that quaint doctrine of determinism tinctured with free-will. We do not now, I trust, so hopelessly confuse our categories. We must have regard for factors other than, even if subsidiary to, the fundamentals of economic science. Teleology and metaphysics still play their parts in the life of mankind and we disregard that fact at our peril. But if the materialist historical school limits its explanations to its own frontiers, the exasperating aspect of the *œconomia vulgaris* is its inconsequent absorption of economics, morals, religion, ethics, and commerce into an indigestible whole. It is at least important to remember that the economic elements are non-moral; ethics may discover for us some rules of conduct in our contact with these non-moral elements. I can well believe that there is a higher unifying synthesis. I wish I knew what it is!

Subject, then, to a clear recognition of the vital truth of our economic principles, we need not unduly fear their partial application to life; or even their partial absorption into the *œconomia vulgaris*. All to the contrary; this is veritably the thin end of the wedge. It is not compromise; it is our pioneers

going over the parapet. And our problem is : how far has the ground been prepared ?

As we approach the new social contract, does the validity of our argument disclose itself ? In agriculture, for example ? As the war proceeds, the elements of our national life are revealed in their varying dimensions and urgencies. Our Army needs come first. But food is as important. And so we come to agriculture, still, by the way, our largest industry. Enter Mr. J. L. Green, who makes a little proposal to the *Times*. He wants the Government to order 10,000 parish councils to put under wheat, by the end of spring, at least 50 acres in each parish, or 500,000 acres in all. If this were done, so he avers, it would provide bread for 5,000,000 people for six months. Councillors, farmers, or others who thwarted the order are to be heavily fined and otherwise penalised. The method seems a little Prussian, but, as Mr. Green says, " There is now no time to stick at trifles." Assuming the accuracy of Mr. Green's estimates (and I see no reason to doubt them), and assuming the capital to be forthcoming (no great difficulty as a matter of fact), we, nevertheless, reach the disquieting conclusion that the existing agricultural industry is not proving equal to the requirements of war conditions. Something has got to be done ; this is no time to stick at trifles. If the isolated individualism of the British farmer fails us, then we must have resort to some kind of collectivism. It apparently only needs the *ukase* of a Minister. Come ! What are we waiting for ? Alas ! It is not quite so easy as it looks.

Some practical questions call for solution. Where is the labour ? And who will direct operations ? A

parish council itself cultivating the soil is not without humour. And who shall decide upon the rate of wages? And how shall the profits be allocated? Granting that it is a good idea to grow this wheat—needs must when the German drives—I suggest to Mr. Green that there is a more excellent way. Instead of compelling 10,000 parish councils to do it, why not throw the *onus* upon a representative body of agriculturists? It is not without significance that, ten or fifteen years ago, Mr. Green's proposal would have been hailed by the whole body of Socialists as an overwhelming admission that the day of *laissez faire* was ended, and that Socialism was triumphantly vindicated. I do not think that Mr. Green's proposal will meet with more than a passing glance from the Socialist Old Guard. The facts have proved too strong for them. They know that an organisation of local government is strictly limited to its own particular function; they know that that function cannot be expanded to include industrial production.

Not only is the organisation inadequate; the personnel is unsuitable. If 10,000 parish councils are to plant 500,000 acres to produce 16,000,000 bushels of wheat, it obviously becomes a very large agricultural transaction, its success depending upon skilled labour and management working upon an ascertained economic unit. Mr. Green proposes 10,000 separate and independent managers; we Guildsmen would say that the work should be done by the agricultural industry itself, on lines laid down by the practical experience of the industry. We would, of course, go much further. We would assert that only by a democratically organised industry—a Guild, in short—could this work be done

with satisfaction to all concerned. One foreman, democratically chosen by the labourers in each parish, would do the work better than a parish council, whilst the distribution of the wheat would, of course, be more economically managed from some centre, chosen for that specific purpose.

Mr. Green may not unnaturally inquire why the parish councils should thus be cavalierly ruled out; why their present limited functions should not be extended. I suggest that he has unconsciously supplied the answer. He has in mind certain individuals—"councillors, farmers, etc.," who might thwart the work. And I can well believe it. These spoil-sports are the product of local politics. Surely we understand by this time that politics—local, municipal, or national—is a poor bed-fellow for economic work. Politics and industry do not mix and ought not to mix. Ignoring the main fact that the parish councils are in tutelage to the County Councils (where politics—the politics of the motocracy—rules the roast) it is easy to see that the selection of the land and the control of the work would lend themselves to petty politics, to an extent only to be realised by those who have lived in rural England. It is not only the inconvenience and irritation of the intrusion of politics, bad though that may be; there is a principle underlying the Guildsman's criticism. For, whilst it is essential that our industrial work should be done on exclusively industrial lines, it is equally essential that politics should be purified from mercenary considerations. Politics ought to be the expression of the spiritual life of the nation, manifesting itself centrally in Parliament and locally in the subsidiary governing bodies.

My criticism, it will be observed, is motived by the principles deduced from the purely economic argument that labour is a commodity, and that it can only cease to be a commodity, economically considered, when Labour, by a monopolising process, can control its labour. That involves a fundamental change in our national activities with its logical sequel of a new phase in our political economy. Nevertheless, my knowledge of agriculture, meagre as it unfortunately is, tells me that this purely deductive concept corresponds with the concrete facts of agricultural life.

So far, then, it would appear that the only new proposal in regard to agriculture favours a collectivist rather than a Guild solution. Even so, the contrast between the two conceptions suffices to prove that in practice the Guild solution must ultimately be accepted. I am not without some support. The labour shortage in agriculture has now become acute. Farm labour has been "combed out" to such an extent that our home food supplies are seriously threatened. Teamsters have gone; shepherds have gone; other essential farm labourers have gone. A crisis has been reached. The Hon. Charles Bathurst is alarmed. He now proposes that a board of referees should be appointed to decide in the case of all skilled farm workers whether their replacement is likely to reduce materially the production of food. But why stop there? Might not this board, composed of practical and experienced agriculturists, become the nucleus of a representative Agricultural Congress and (full powers being given to it) itself boldly assume the responsibility of organising and marketing all agricultural produce? If the pressure of the war brought such a Congress into life,

we may be sure that it would not die when peace comes. Indeed, it will be doubly important. The farm labourers who have gone to the war, fed, clothed, and paid on a higher standard than they have ever before experienced, will not willingly submit to the old debasing conditions when they return.

Whilst it would be foolish to believe that any approach to Guild organisation is as yet even vaguely apprehended by the agricultural industry, it is almost equally true to assert that the longer heads in our other staple trades are trying to fend off and forestall the creation of Guilds. Let us return to the Garton Researchers. They have already discovered that Labour objects to (and sometimes rejects) the commodity theory; they have also discovered that a change of *status* is imperative if industrial peace is to be attained after the war. Naturally enough, being what they are, they dare not discard the permanent hypothesis. Labour must remain on a commodity basis because rent must be exacted and dividends paid. They accordingly seek to evade that issue, at the same time, if possible, conferring on Labour a new *status*. As the only new *status* that Labour can accept is the change involved in the rejection of the commodity basis, we may be certain that our Researchers are solving no problem, and, at best, are merely postponing the evil day.

It is extremely interesting, however, to note their proposals. Their thesis, shortly stated, is that our one way of salvation, after the war, is to concentrate on production. Quantitative production, qualitative production, any kind of production. In their view, all production spells wealth. But it is recognised

that the war has only temporarily obscured the pre-war class struggle; it still exists, and unless diplomatically handled will break out with redoubled fury when Tommy comes marching home. They would, therefore, kill two birds with one stone: by conceding workshop control and by Joint Boards, they seek to conciliate Labour; by conciliating Labour, they confidently reckon upon the smooth working of the factories, and so securing that increased production which will restore our economic power. It is so simple, one wonders why nobody ever thought of it before. How, then, is Labour to be conciliated? In the more isolated businesses, a joint committee is proposed representing both the Management and the Works Staff.

"The representatives of management would be required to explain the nature and extent of any proposed innovation designed to increase output or economise effort—the introduction of new automatic machinery, time and motion study, standardisation of tools, analysis of fatigue, elimination of waste—and its effect upon the earnings of the firm and of the individual worker. This explanation should be as clear and full as possible, with the object of giving each worker an interest and sense of responsibility in his work, by making clear to him, through his representatives, the *reason* for the methods to be adopted and the relation of his job to the whole process of production."

Most friendly to be sure. And now suppose that the workers, having considered their representative's report, take strong objection to the proposed innova-

tion, which really means reduced costs and increased profits, what then? Our Researchers of mild and benevolent aspect have their answer pat: "A wise Employer will always have the interests of his staff at heart, and workmen who feel themselves to have a recognised interest in the business will have many suggestions to put forward for promoting its efficiency." So I should think! And the permanent hypothesis? Go away! Is this a time for joking? Thus we see that a new spirit pervades the industrial world. Peace reigns. Production proceeds apace. Consider the new idyllic conditions in the person of John Smith. John has spent an hour at the Joint Committee. They have, in great amity, discussed a "proposed innovation." John has been duly impressed with a "sense of responsibility in his work by making clear to him the *reason* for the methods to be adopted." He goes home to tea, smiling and happy. The kettle, boiling on the hob, sings a soothing welcome, and, unless his nostrils deceive him, there are crumpets in the oven. His wife welcomes him, the love-light in her eye. Surely it were good for the soul to remember that it is on such happy homes we have built up, in transcending grandeur, our mighty Empire.

"Come, Mary, lass, bring on the grub."

"It's all ready, Jack, dear lad. Had a good day at the works?"

"Ay! Spent the last hour at the Joint Committee."

"Anything happen?"

"Ay. A 'new innovation,' as they call it."

"What's that?"

"A new machine. Saves labour. It's a grand

thing to be told everything. Makes you see what's in the bosses' minds."

"Whose labour does it save, Jack?"

"Well, in this case, mine."

"And what will they do with you?"

"Oh, I've got the sack."

"And what's to become of us?"

"God knows. You see, Mary, it's written at the head of the Joint Committee's minute-book that 'a wise Employer will always have the interests of his staff at heart, and workmen will have many suggestions to put forward for promoting its efficiency.'"

"And who proposed this new innovation?"

"I did!"

Leaving John Smith, happy in the fully acquired knowledge "of the *reason* for the methods to be adopted and the relation of his job to the whole process of production," let us move on to the larger scheme of organisation for the staple trades.

CHAPTER IX

THE PERMANENT HYPOTHESIS—V

Outlines (*continued*)

The Garton Researchers are deemed to be representative of the more enlightened profiteers, and that is why I treat them with so much respect. But if these enlightened capitalists have no plan to avoid the miseries of the class struggle, then we may be sure that, within the sphere of the permanent hypothesis, there is no solution. Soft words butter no parsnips, and a mere declaration in favour of joint conferences to explain the reason of innovations must prove futile unless accompanied by a binding agreement to regard the unemployed as part of the working staff. We know, however, that costs are estimated by accounting only for the cost of the labour commodity actually operative at the moment of the production. That is to say that the cost of the reserve of employment is thrown upon the community and not upon the industry. It is as though the reserve forces in France were not on pay and dependent upon charity. It is characteristic of the prevailing shallow thought upon national economy that because, during the war, unemployment has gone down to less than one per cent., after the war labour

will be in equal demand. Thus, the Garton Memorandum explicitly declares that " the probable cause of unemployment after the war will be, not the lack of a demand for labour, but the difficulty of bringing together the workmen and the job." Then follow the usual proposals for joint committees working in conjunction with the Board of Trade—the Webb-Beveridge nostrums known to all of us. It is true that the Garton writers, on second thoughts, hedge a little. After all, they admit, " it is difficult to see how a certain amount of temporary unemployment can be avoided "—and fall back upon " State and municipal expenditure upon works of public utility."

Thus we see that the war has taught these gentlemen precisely nothing. At bottom, they are bankrupt of ideas. All that they do is to set out in new clothing pre-war proposals. Now, I assert with confidence that *after the war we cannot escape from a dreadful and probably a prolonged period of acute unemployment.* We are, at present, living either upon our capital or are transferring our capital to non-industrial purposes, such as munitions or public loans. A simple example occurred to me only last week. I wanted to sell a house. Everywhere it was the same story: habitual buyers of that class of property were steadily investing in six per cents. It was less trouble and less risk. It may be said that, after the war, investors will realise on their Government loans and readapt themselves to business requirements. But how will they realise? Their money has been spent; what remains is the credit of the Government Consolidated Fund. The credit is doubtless excellent; but credit is one thing and ready cash another. Even if it be granted that

our existing resources are equal to our paper credit, the loss through destruction and dislocation will imperatively call for the mobilisation of new capital resources. Where are they to be found? *In one direction only: in the capitalisation of co-ordinated and co-operative labour.* (That, economically, is why the Guilds are inevitable.) But will any sane man declare that such a new departure in finance is possible either during the war or immediately upon its termination?

Let us face the facts: the process of readaptation to peace conditions will be slow and painful, and cannot but express itself in a high percentage of unemployment. The glamour of our present artificial industrial conditions seems so to hypnotise nearly every writer on Reconstruction that he remains blind to the certain fact that, after the war, unemployment will be our most pressing problem. It will be a nightmare.

I have interjected this question of unemployment (almost literally the skeleton at the feast) at this point, because, if we forget it, we cannot appreciate at their true value the various proposals for Reconstruction now emanating from well-fed quarters. Of two things, one: either there must be a new departure by compelling every industry to maintain its own unemployed, or (the more exact definition) its own labour reserves; or, we must fall back upon the old conditions, the Trade Unions succouring their own members and the community, with the same old cruel kindness, attending to the residue. If we are strong enough to force the new departure, we have begun the industrial revolution, whose one ending is the Guilds. We can very easily test the intentions of the Reconstruction writers by bluntly putting the question: Are you prepared to

charge the industry with the maintenance of its own unemployed? I do not anticipate a particularly fruitful reply. In the second alternative, we have the Trade Unions with their regulations abrogated and their funds depleted. And just as the Trade Unions are weakened, so relatively are the Employers strengthened.

I find it difficult to write about unemployment in measured language. How can we forget that it is the tragedy that has dogged and damned every social and economic movement during the past century? The 1834 *Poor Law Report* is surely the most horrible document ever penned by man or god or devil, whilst the Poor Law Amendment Act that followed it marks the lowest degradation to which we have sunk as a nation. Then came the "hungry 'forties" at a time when we were indisputably the richest people in the world. With the interlude of the Industrial Remuneration Conference, whose report is now suitably covered with dust, we come to the 1892–95 industrial depression, when the unemployed at length made themselves heard. The Unemployed Committee, 1893, had no solution to offer beyond a circular issued by the President of the Local Government Board. Then came the Minority Report of the Poor Law Commission, with its diabolical distinction between poverty and destitution—a refinement of cruelty that would have made Torquemada green with envy. I remember about 1895 speaking of employment to a prominent economist. "There is no unemployed problem," he remarked; "it is a condition, and not a problem. There are industrial problems, fiscal problems, political problems, but, having regard for human nature and the facts of life, there is no unemployed problem, properly so

called." And this is still the scientific attitude. "If we do this or that, then there will be a marked reduction of unemployment," is really what men and social reformers think. The result is a certain fatalistic acceptance of unemployment—sorry, you know, but it can't be helped. And so, in times of depression, it spreads like a blight over the industrial areas, being regarded very much as an Act of God.

Nevertheless, all scientific dicta to the contrary notwithstanding, unemployment is a problem in itself.[1] It can be quite simply stated. The employer claims that he need only buy so much of the labour commodity as he requires for any specific purpose or given product. He asserts that he cannot compete in the market unless the sale of the labour commodity strictly conforms to the law of demand and supply. But he admits that a reserve of labour is requisite to regulate wages and to meet sudden or increasing demands. "Why, then, don't you maintain your own reserve?" we ask. "You do it with ore, or timber, or cotton, or wool; why not with labour?" "Oh!" he answers, "in the one case it is economic necessity, in the other it isn't, and the essence of business is to yield only to the imperative. Of course," he adds, "as a citizen and a ratepayer, I am willing to bear my share in the maintenance of the man as distinct from his labour. But I'll only buy his labour as and when I want it.

[1] It should be noted that there are now two problems of unemployment: (*a*) abnormal unemployment, dealt with by Mr. Orage in the Preface; (*b*) the normal problem inherent in the maintenance of wagery. See also Mr. G. D. H. Cole's "Some Reflections on the Wage-System"—a series of articles in *New Age* (March–April 1917) and soon to appear in book form as *Self-Government in Industry* (G. Bell & Sons). 6s.

Besides, if I secure a large reserve of raw material, that is a capital outlay ; labour, as you know, goes into the revenue and expenditure account." That is where the permanent hypothesis carries us! It is not the man that is wanted ; it is his labour. The Guildsman's answer is so simple that it confounds the wise : " Seek first the man, and his labour will be added unto you. And the man is entitled to maintenance in season and out of season by the trade which has accepted him and for which he has worked."

Every Reconstruction proposal, therefore, that ignores or minimises the probabilities of unemployment is in the nature of a dishonest gamble. It is in fact intellectually negligible, if it does not provide, not only for unemployment due to dislocation, but unemployment due to shortage of demand. The first is comparatively simple and temporary, easily solved by carefully arranged demobilisation ; the second will remain after the war, as it was before, the test of our statesmanship and of our sincerity. The Garton Researchers have met the question with vague generalities. It is nevertheless interesting to consider their constructive proposals as a sign of the times. A period of unemployment will shake their structure to pieces ; but that need not deter us from examining the structure, not so much because of its inherent value, but to get at the minds of its variegated architects. We have already discussed their proposal for a joint conference in works of an isolated character, and discovered that innovations, being to save expenses and reduce labour, lead to unemployment, and we left John Smith pondering whether a reasoned discharge was in substance

preferable to the old system. Either way, the door of the factory was closed against him.

We have next to consider the staple trades in their more concentrated form. The Garton proposal is that we shall set up Joint Boards composed of representatives of the Employers' Associations and the Trade Unions. This sounds promising. Capital and Labour have surely met and buried the hatchet. Let us go into more detail. " Having regard to the differentiation of functions between Management and Labour, and the large number of problems affecting one or both parties, two co-equal Boards might be created in each industry, one representing Management and the other Labour, with a Supreme Board of Control co-ordinating the work of both." It looks as though we were progressing towards the Guilds. The Management Board would attend to the business side and, of course, the Labour Board would deal with conditions and hours of labour, demarcation, dilution (observe, please, that dilution is to continue after the war). I really must quote the delightful conclusion :

" In this manner it should be possible to construct and give effect to a definite policy and programme for each great industry as a whole, representing a reconciliation between the common and competing interests of Employers and Employed, and based both upon the desire to obtain the maximum of efficiency and the desire to obtain the best possible conditions for the workers."

Hang it all! Wages were surely intended to be included in the settlement, for it represents a " reconciliation." Yet it is curious that wages are not

specifically mentioned. A little doubt oppresses me. It is rather odd, don't you think ?

Having made provision for District and Works Committees, we mount to higher things—something very like a National Guild. The Supreme Board of Control is finally to resolve itself into a National Industrial Council for each of the staple industries or groups of allied industries. Election by ballot, parallel units, one Managerial and one Labour representative. Nothing (except wages) is overlooked. " A speaker of broad sympathies and experience, capable of directing and focusing the discussions upon the practical problems to be dealt with, would be chosen by mutual consent." I almost think the Garton Researchers must have read chap. v., part ii., of *National Guilds.*

That doubt about wages still haunts me. Surely. . . . Well, let's read on :

" Such Industrial Councils would in no sense supersede the existing Employers' Associations and Trade Unions, many sides of whose present activities would be unaffected by the creation of the new bodies. Matters connected with the sources and supply of raw material and the cultivation of markets for the disposal of the finished products would remain exclusively the concern of purely commercial federations of manufacturers, acting in conjunction with the State. The benefit side of Trade Unions, and many phases of the internal organisation of labour by them, would be similarly unaffected."

It grows curiouser and curiouser. Even the Employers' Associations are not to bother themselves about wages—only raw materials and markets—and

"acting in conjunction with the State." In such altitudes, to mention wages would seem vulgar and out of place. No employer would dream of it. Of course, over a cigar after lunch it might be cursorily mentioned *à propos de rien*. And the Trade Unions too. They would be too deeply concerned with "benefits" and "internal organisation" for wages ever to flit across their minds. Nevertheless, "such Industrial Councils would in no sense supersede the existing Employers' Associations and Trade Unions." Can the Researchers be pulling our legs?

No! I find that, after all, wages have not been overlooked. We are told that the field of action open to the Industrial Councils would be very great. Then it is alphabetically tabulated:—(*a*)—(*b*)—(*c*)—(*d*)—(*e*)—(*f*) the prevention of unemployment, the development of security of tenure in the trade, and the decasualisation of labour; (*g*) questions of wages and piece-rates. After all, we do come to it, don't we?

The embarrassing question uninvited emerges: Are the Garton Researchers a band of ingenuous young men, or do they take us for fools? Do they seriously suggest that the Employers' Associations will not discuss wages? Will not, in fact, decide what wages they will pay, precisely as they did before the war? If the Researchers really think so, I promise them that they will be quickly disillusioned. The Employers will settle the question of raw material and the cultivation of markets easily in a quarter of an hour; they will spend hours discussing wages. But why should raw material and markets be reserved exclusively for the Employers? Surely the Management Boards can attend to such matters, probably better than the

Employers themselves. And have the Trade Unions and the workers nothing to say about the supply of raw material and the cultivation of markets? Their wages depend upon it. Clearly not a thing. And why? Because Labour itself is a raw material, and how can one raw material look after another? The permanent hypothesis still prevails.

It is a pity that Lord Wrenbury did not pose his searching question as to "the share and interest in the thing produced" before the Garton Memorandum was written. I can readily understand that the same question asked by Guildsmen would be ignored by such a solemn and respectable group; but the same question put by a Lord Justice of Appeals is quite another pair of shoes. The answer, however, would substantially be the same. Lord Wrenbury suggests partnership; the Garton Researchers stand by "wages and piece-rates," raw material and markets being the exclusive concern of the Employers. The permanent hypothesis is sacred.

After all, they have mentioned wages and they have mentioned unemployment. Casually, no doubt; but really and truly they have not been overlooked. When I come to examine this Memorandum, I am bound to admit that there is practically nothing relevant that is omitted. But the same emphasis and stress is given to everything. No one thing is more important and more urgent than another. You pay your money and you take your choice. With one exception: the one thing really urgent is production—and the Employers will look after the raw material (including labour) and the marketing of the finished products.

CHAPTER X

THE PERMANENT HYPOTHESIS—VI

The Collectivist Alternative

It was not unnatural that the spectacle of the State intervening in trade and industry, controlling the railways, the munition factories, and now the South Wales mines, purchasing wheat and sugar in gigantic quantities, and generally nosing into everything, should lead many to think that, after all, State Socialism must be the way out. We must admit that we have learnt much by these gigantic State experiments—particularly what to avoid. If we go about with our eyes open, we cannot but be struck with the errors committed and the wastage incurred. Of course, it may be ascribed to the rush and bustle of war. But the question ever recurs whether, had our industries been organised on a Guild basis, far greater efficiency and less waste would have resulted. When the war is over, the story of the *Mauretania* will become a classic. And I am waiting with considerable curiosity to hear the inner history of the appointment of the Food Controller.

I am not now concerned with the situation as it is in war-time, but if State intervention during war is to

be held up to our admiration, it is not irrelevant to criticise it, even as a war measure. One conclusion seems to have been reached: that, however incompetent our Bureaucracy may be in administration, it has proved its capacity as a merchant. With unlimited State credit behind it, it has bought raw material to great advantage, and therefore—so runs the argument—when Peace comes, let the State continue to buy for all industries; to act as broker, in short. This is the State Socialist's unconscious reply to the Garton Memorandum, which specifically reserves the purchasing of raw material and the marketing of the finished products exclusively to the employers.

The general discussion, then, on Reconstruction brings us to some agreement. It is agreed that Labour must have a voice in workshop management. It is agreed that this share in control must be vested in the Trade Unions. Even trade policy is to be, in some degree, the subject of discussion, in which Labour shall be heard, in the Joint Committees or the Industrial Councils. Nor is that all: "This interrelation of functions," says the Memorandum, "constitutes a real partnership between the persons concerned in any business, whether as investors, managers, or workmen, or in any two or all of these capacities." It is unhappily evident that when the Memorandum says "real partnership" it does not actually mean it; but at least the idea of a partnership of some sort is mooted as feasible. Assuming the concession of partnership, it comes to this: that such partnership shall be excluded from its share in the raw material—by the Employer, according to the gospel of Garton; by the State, according to the State Socialist. If,

then, workshop control is the compromise between Capital and Labour, we have yet to decide whether we have a preference for the private or the State control of raw material. Is it a question of policy or of principle?

As things are, of policy only, I think. But the State Socialist may force the basic principle. He may, and probably will, contend that the State, in its own interest, must buy not only for industries as they are, but for the Guilds when they are formed. Now the National Guildsman will without any reservation declare that the Guilds must buy for themselves. On that issue, he is prepared to fight as a matter of principle. But short of a Guild, with industry only quasi-democratised, it is quite open to him to declare for the continuation of the private purchase of raw material in preference to State brokerage. In such circumstances, it is purely a question of policy.

It is a difficult dilemma. The whole theory and spirit of National Guilds runs counter to State intervention in industry; but equally it denounces private control. When this subject was recently discussed at a Guild meeting, a prominent Guildsman roundly declared that the State is the enemy. His case is that the Bureaucratic appetite grows by what it feeds upon; that every accretion of economic strength makes the State, as such, less disposed to hand over its functions when the Guilds demand it; that when the crisis comes, it will be easier to deal with the private capitalist than with the Bureaucracy. But is it a sound contention? Does it not, in fact, exaggerate the power of the State and underestimate the power of the Employer? Which enemy has the more

powerful defences? And have we considered a possible combination against us of both our enemies?

It will be granted, I think, that the Bureaucracy and private Capital have more in common than Labour has with either. Superficially, it would seem as though in politics Capital and Labour have fought against the State and the Junkers. But they did not fight as friends. Throughout that struggle, Labour was the cat's paw and not the friend of the manufacturers. That battle has been won and lost. Labour was the loser; the manufacturers won and promptly intermarried and generally coalesced with both the Bureaucracy and the landed interests. For my part, I think it enormously important that Labour shall never again play the part of cat's paw for the Employers. It is certainly prudent to assume that there will be close and subtle co-operation between Bureaucracy and Capital, until the Guilds are strong enough to dictate their own terms. When that time comes, if we have to snatch the control of raw material from Capital, it can rely upon the covert support of Bureaucracy; if we have to take it from the State, the covert support of Capital will not be so powerful, because it will already have been weakened in its economic power, to the extent of its loss of rent, royalty, and profits on raw material. I think, therefore, without being dogmatic on the point, that the Bureaucracy is the easier prey of the two.

This business of raw material is vastly important. It plays to-day the part in industry formerly played by land. Rent is, at bottom, the economic power exercised by one possessor over another—the other generally being the labourer. With the control of raw

material, a possessor can frustrate any industrial policy or hold up an industry or a single undertaking indefinitely. When the Garton Researchers reserve raw material to the Employers, they know very well what they are doing. Suppose the Joint Committee or the Industrial Council adopt a line repugnant to the Employers, the Employers can speedily exact submission by withholding raw material. If the Employers can do it, the State can do it. But the Employers can do it quickly and vindictively; that is hardly possible to the State. There is another aspect of the question. The available raw material in Great Britain—coal, mainly—is already "bespoke"; the State can hardly interfere without a complete subversion of the prevailing conception of property. The bulk of our raw material—cotton, wool, timber, wheat, hides, silk, rice, meat—comes from abroad. It is therefore closely related to transport, not to mention banking. How long would the State, the purchaser of raw material, submit to private shipowners and private bankers? One step leads to another; where would intervention stop? Now it is an important, though not a vital, part of the case for National Guilds that the organised industries can carry on their work much more efficiently than can the State. I suggest that the community would demand efficiency, and that if Guild organisation proceeded apace, the Guilds would, in the fullness of time, inherit all that organisation which the State had previously seized from the Employers.

Yet another consideration must weigh heavily in the State balance. With the control of raw material taken from the Employers and their industries demo-

cratised to the extent of works control, is it not certain that we are limiting the Employers' power to maintain wagery? Have we not taken a step towards the destruction of the permanent hypothesis? And again, if we succeed in finally saddling each industry with the maintenance of its own unemployed, dealing a shrewd, if not a vital, blow at the competitive wage-rate, we have travelled much more rapidly towards the Guilds than if we had left the control of raw material to the employers. The policy, then, for Guildsmen to pursue is to concentrate now on works control, and be ready to press for industrial as distinct from State maintenance the moment unemployment threatens to become acute.

We are now confronted with a family quarrel, for Guildsmen are not agreed as to the logical outcome of workshop control. One group contends that it must stop there; the other that it leads to representation on the Directorate. The first argues that Labour must not, in any circumstances, concern itself with profits, must not touch the accursed thing, which it would do if its representatives became Directors. It is morally repugnant to them. The second group remains unconvinced. In the first place, so it contends, you may put your men on a Directorate without touching, or being responsible for, profits; that directors have other functions, notably the power to control management, and therefore Labour's power in industry is *pro tanto* strengthened. But both groups are agreed that all and any representation must come from the Trade Unions; they are not minded to tolerate a second edition of the South Metropolitan Gas Company—always a menace difficult to exorcise.

In forming an opinion on this point, which is partly ethical, it is well to bear in mind our immediate object, which is to secure economic power for the workers. Unless this economic power be obtained, we shall never effect the transition ; we shall be compelled to live in abstractions. Now every increase in Labour's economic power means a relative decrease in Capital's economic power. Further, it is not essentially immoral for Labour to concern itself with the distribution of surplus value. In fact, the more surplus value returns to Labour the less remains for the exploiter. But inasmuch as there are vital moral elements in the crusade for the establishment of Guilds, notably the passion for freedom (now only possible through the economic medium) and the natural piety that sees in labour a sacred thing and not a mere commodity, it is of first importance that no section of Labour shall ever find itself so circumstanced that it is to its advantage to maintain wagery, because it has obtained a *remunerative* share in the control of its own particular industry. I am not prepared to deny the possibility of such a development ; but is it not rather remote ?

In *National Guilds* (p. 240) there is an imaginary conversation between a deputation from an incipient Guild and the Directorate of a public company. The deputation bluntly demands half the profits and asks that the cheque be made payable to the Guild. The General Manager then suggests a profit-sharing scheme with the company's own employees. The deputation rejects any private arrangement of that character. It also rejects any increase in prices " because that would only victimise our fellow-workers." For the life of

me, I can see no objection in principle to this drastic procedure. It is assumed in this case that the profits are £100,000, and the incipient Guild demands £50,000, which sum goes to the fighting fund. Is organised Labour either morally or economically weaker for the transaction? In my opinion, stronger in both senses. No doubt it is rather a crude way of doing it; no doubt a gradual integration of organised power would enable the workers to absorb the £50,000 by raising their consumptive capacity beyond the commodity wage-rate. Of the two processes, I prefer the second. But if the first opportunity presents itself, are we to reject it? It seems to me it must only be rejected, if the transfer of the profits places the particular group of workers concerned in a privileged position. As the money is specifically allocated to the Union, I cannot see how any particular group becomes wedded to profit-mongering. Alas! Precious few opportunities for so easily annexing £50,000 will present themselves!

There is another reason in favour of representation upon directorates. The Guilds—at least as outlined in the book—postulate a hierarchy. There is no reason why this hierarchy (even when democratically elected) should be composed of middle-class administrators. If the competent workers are to man the hierarchy, they must be trained in administrative work. Certainly a part of that training must be directorial in character.

The industrial problem, even from the Guild point of view, is not so simple that we shall not be constantly confronted with difficulties and dilemmas. In the two dilemmas here discussed, I provisionally favour: (*a*)

a preference for State over private control of raw material; and (*b*) for representation on the Directorate as the logical corollary to workshop control. But are the two points not related? Suppose that Labour had considerable, if not adequate, representation on the Directorate, would it not modify my preference for State control of raw material? There is this to be noted: That in so far as such representation gives effective power to Labour, such power would be exercised to that extent over raw material, presuming it to be still controlled by the Employers. As the object we all have in view is to realise Guild organisation in the shortest possible time, such joint control over raw material might obviate any future struggle with the Bureaucracy, with its possible prolongation of the struggle. I am not dogmatic on either of the dilemmas cited; they both demand detailed analysis.

When State Socialists talk of the advantages of State credit in the purchase of raw material, I think they fail to realise that financially the Guilds could swallow the State budget for breakfast and be hungry at lunch-time. The actual turnover of the Textile Guild alone would swamp the State expenditure. It is important that our Collectivist critics should learn that the Guilds are not little co-operative societies, but the summation of the industrial activities of the nation. It therefore follows that the State credit, upon which such store is set, is precisely the measure of the Guilds' credit. Nor need we fear any economic comparison between State and Guild administration. In quality, in efficiency, in productive capacity, in the spirit ruling over these things, the future is to the Guilds and not to the State.

Finally, let us not forget that Guildsmen are not Syndicalists ; that they believe in the State as a great spiritual and intellectual force. " For the first time in the history of mankind he will clearly understand that nations, like men, do not live by bread alone. The intermixture of spiritual with economic considerations which now paralyses every State action will be, in form certainly and largely in substance, ended. By transferring the conduct of material affairs to the Guild . . . statesmanship is left free to grapple with its own problems, undisturbed and undeterred by class considerations and unworthy economic pressure."

CHAPTER XI

THE PERMANENT HYPOTHESIS—VII

In War

It is a fact (which Guildsmen may advantageously emphasise for the next ten years) that, for over two years, the wage-system has been in abeyance in regard to over five million men. These men have been on "pay," and the world resounds with stories of their valour and endurance. Many of them have made sacrifices of a monetary kind, but many of them have been better fed and better clothed than ever before. Their standard of living has been raised both morally and materially. If victory perches on their banner, they will come back with heads up; indeed, they have already done enough for honour, whatever may be the issue of the war. We may well wonder if they will contentedly lapse back into wagery. If they do, it will be under subtle duress, and they will have learnt how to make effective protest. If we, who understand wagery, from its basis to its most diverse usages, play our part, it is certain that it need not long survive the war. It is curious that the most convinced supporters of the wage-system, Mr. Sidney Webb, for example, have not once raised their voices or flourished

their pens in a passionate and indignant demand to put our soldiers on wage-rates, piece-work for preference. It is amazing that they should so meekly acquiesce in the negation of the very basis of their pet industrial system, which they nurse and strengthen and reform with affectionate solicitude.

Yet these soldiers are doing the nation's work. Some of them are working in our arsenals, side by side with wage-earners, who pocket ten shillings for their one. Some are doing transport work, ordinarily done by wage-earners, others are mending boots, or shoeing horses, or cooking food. Some are doing responsible office-work—and every man on "pay." I beg Mr. Sidney Webb to peruse a series of articles he wrote a few years ago in the *Herald*, wherein he set out to prove that wagery, like the poor, we must have always with us. Why does he, this master of intrigue, this past-master in the art of hiding the pea (and generally losing it), permit a stupid and perverse Government to persist in a system of pay which he has asserted to be purely visionary and utterly impracticable? A resolution by the Fabian Society, sympathising with the soldiers in their temporary exclusion from the solid comforts, and happy contentment of wagery, might perhaps bring the Government to its senses.

This state of suspended animation to which wagery has been consigned need not surprise us. As the war proceeds, the closer do we come to the elements of social existence. It is our contention that wagery is repugnant to our nature—a permanent fact in contra-distinction to the permanent hypothesis. War strips life of its accretions, of which wagery is the deadliest, because it disunites society when unity is imperative.

But war discloses the essentials, the greatest of which is human labour—labour at home, labour at the front, labour with head and hand and heart. Above all, labour inspired with sentiments of patriotism and fellowship; labour that dominates the processes of life and reduces the permanent hypothesis to an absurdity; labour that does not vaunt itself and is not puffed up, quietly and with remarkable efficiency, doing the day's work while human peacocks strut on the stage, splitting our ears with their shrill cackle. The answer to Germany, says the Prime Minister, is national labour, the non-combatant nation at work. That the supreme value of labour is fast being recognised, may be inferred by the increased number of Labour representatives who have joined the Government. I quote, *ipsissima verba*, from the Prime Minister:

"The third characteristic is a franker and fuller recognition of the partnership (observe the word 'partnership'—it's creeping in!) of Labour in the Government of this country. No Government that has ever been formed to rule here has had such a number of men who all their lives have been associated with Labour and with the Labour organisation of this country. We realise that it is impossible to conduct a war without getting the complete and unqualified support of Labour, and we were anxious to obtain their assistance and their counsel for the purpose of the conduct of the war."

Economic power precedes and dominates political action. There is no other explanation; action was not taken because of Mr. Henderson's beautiful eyes or Mr. Hodge's dulcet accents. "My experience in

the Ministry of Munitions has taught me that there should be a Department which was *not altogether in the position of employer to employed.*" Labour organisation, weakened though it had been by loss of its active members and by dilution, had nevertheless become by force of circumstances blackleg-proof—there was more work than workers—and, in consequence, its economic power automatically asserted itself. Labour in war is strong; why should it be weak in peace? "Without Labour," said Lord Curzon, "this war could not be won. Without the organisation of Labour it could not be effectively pursued. Labour, therefore, is entitled to a powerful voice in its direction." The conquest of the German is impossible without Labour; is the conquest of Nature less difficult?

The enforced spontaneity of these official admissions of Labour's economic power (with its natural political sequel), welcome though they be, are heavily discounted by the bureaucratic distrust of Labour's capacity to walk without leading strings and the bureaucratic insistence upon the presumed necessity to subject Labour to external discipline. "You are necessary to the Government; but you can't govern yourself," says Officialdom, "so kindly send along some safe and amenable men of your own choice to help us to govern you." Thus, whilst the war has brought some enlightenment to Bureaucracy as to the power of Labour, it has brought none as to the essential ineffectiveness of the Bureaucracy itself. It is not the Bureaucrats who have made guns and shells and "tanks," and all the endlessly varied paraphernalia of war. On the contrary, they have stood in the way and obstructed the work with their foolish regulations

and disciplinary methods that have defeated their purpose. The same remark, too, applies to their relations with the employers, management, and salariat. Always everything has had to pass through the fussy fingers of semi-ignorant officials. It is the simple truth that practical men, of every grade, in every industry concerned, have been in despair with the ineffectual striplings and pompous elderlies sitting in the various Ministries.

The next lesson, therefore, to be learnt is that a sense of responsibility is inherent in economic power, and that, if we are to obtain what we want, the Government must frankly admit that it cannot produce its own requirements, and must, therefore, throw the responsibility upon each separate industry, organised if necessary *ad hoc*. What it does now is itself to accept the responsibility, trusting to hectoring and cajolery to secure deliveries from more capable men whose efficiency is curtailed by depriving them of responsibility.

In short, the true line of development, in war and in peace, is industrial autonomy. Let us forget, for the moment, both National Guilds and wagery and look only to the industrial situation as it exists to-day. With the exception of agriculture, every industry concerned with production—coal-mining, ship-building, engineering, textiles, boots, saddlery and harness, food-stuffs, clothing—is reasonably well organised, not only into Employers' Associations and Trade Unions, but in every process from the raw material to the finished product. Plenty of room for improvement, no doubt: but no Bureaucracy living could effect any improvement, which

must come from practical experience. The Management knows precisely the demand for its output, whether civil or military; it knows how best to distribute the work, and how best to get it done. By calling in the Trade Unions, terms can be arranged, hours of work and payment and conditions generally agreed.

I have criticised the Garton Memorandum from the Guild standpoint, but I see no reason why we might not adopt its scheme of Joint Committees and Industrial Councils. To these Councils, I would add some Government representatives. This being done, the Government should meet each Industrial Council, inform it of its requirements, arrange dates of delivery. To Employers and Employed it should say: "Gentlemen, you know what depends upon your faithful execution of these contracts. We put you upon your honour. If you have any difficulties in the matter of raw materials or any disputes of any kind which you cannot settle, call us in and we will get what you want or act as *amicus curiæ* in any disputes. And now, carry on and good afternoon." Had this been done at the beginning of the war, our output of munitions would have been doubled. But there was no statesman with the requisite vision. The result was that the Employers were badgered and irritated, whilst Labour was antagonised.

It is, of course, easy to be wise after the event. As a fact, the principle of industrial autonomy has grown out of the conception of National Guilds, and it was only the Guildsmen who had the key to the position. Nevertheless, it is not too late to move in this direction. The appointment of a Director-General of

National Service affords the opportunity. This new official, as I understand his function, must decide what are the essential and non-essential trades, and then gradually transfer the labour to the essential trades. The entirely practical question arises whether this is to be done by the usual blundering bureaucratic methods, or whether the industries will be asked to organise the new régime in their own way and under their own supervision. If the former, I tremble to think of the friction that must ensue. The latter is no easy task, for we may assume that the owners of the trades scheduled as "non-essential" will protest. But the verdict once reached, joint committees of all concerned, employers and employed, will rearrange themselves more speedily and smoothly than by the *ukase* of Mr. Neville Chamberlain.

Another aspect—perhaps it would be correct to term it a principle—emerges. We may call it functional free-play. We have seen that the permanent hypothesis limits and curbs the free-play of Labour, valuing it as a commodity when it should be elevated into a function, a dominant element in wealth production. The same restraint operates throughout our political and industrial life. Everywhere one looks, there is wrong adaptation or stupid handicapping. Technical men without family or financial backing play second fiddle to men with a "pull"; the State itself has no defined function, perpetually floundering between industrial problems and political issues. Our whole national life seems to be struggling through the narrow orifice of Parliamentary institutions, so that nothing is done thoroughly. Function is subservient to clashing interests. A Parliament man, anxious to frustrate

Church legislation, will talk out an industrial measure of first importance; a Bill to establish the manorial rights of the latest landed plutocrat, and having priority, may stand in the way of a Bill affecting the industrial conditions of a million men; Irish, Scottish, or Welsh necessities may be indefinitely deferred by some political finesse, prompted by motives remote from the equities of the proposals. In short, the mould of our national political and economic life, shaped in earlier days when life was comparatively simple, must be broken or we shall degenerate.

To a Guildsman it appears evident that we have reached a stage when industrial autonomy and functional freedom must assert themselves in theory and practice. To a large extent, although not inevitably, the functional free-play is a corollary of industrial autonomy. The question naturally arises whether these are not properly problems for peace. I reply that we have discovered that our fighting strength depends upon our economic stability, and that it is our business to strengthen our economic foundation during every day that war continues. And I reply, further, that just as in peace we should prepare for war, so in war we should prepare for peace. For it is in the midst of a great struggle that we perceive most clearly where our strength or our weakness lies. That being an indubitable fact, we have exceptional advantages to prepare the way for more efficient economic life and political processes in time of war. Psychologically, men are more ready to experiment, to make concessions, to adopt new ideas. Politically, the old shibboleths disappear and new shibboleths have neither time nor opportunity to gain currency. Econ-

omically, we see, as we never saw before, the actual anatomy and structure of industry and finance. Whilst our men are otherwise occupied, either fighting or providing the sinews of war, the *cadres* of industrial organisation, unembarrassed by unemployed or casual labour, may be modified in accordance with new principles or to meet modern requirements. Is it not moral cowardice to postpone the consideration of these problems to the less convenient period when our soldiers troop back in millions only to find that those who stayed at home were intellectually too lazy to organise their reception? Is it not our plain and urgent duty "to prepare the way of the Lord"?

Truly may we say that in the midst of death we are in life; that in the stress and tumult of war our vision of peace is clear and vivid. Never in times of peace have we realised how false is the permanent hypothesis; nor did we see the true bearing and incidence of unemployment; nor did the urgent need for industrial autonomy assert itself so insistently; nor did we understand how vital is functional definition and freedom.

These chapters will not have been written in vain if I have successfully stressed certain theoretical and practical truths. I have criticised the *Times*' "Letters on Reconstruction," and the Garton Memorandum, primarily to prove that they cannot be permanent because their permanent hypothesis is neither permanent nor true. At the back of every industrial proposal lurks wagery, cruel and wasteful, limiting, restraining, and degrading human effort, entangling men in bondage. The more I ponder it, the more convinced I am that its intellectual rejection and

practical abolition is the one emancipating movement that can demand of us that emotional and spiritual energy without which no new era can be approached, much less begun.

The immediate and practical issues already dealt with are easily summarised. I have asserted that acute unemployment after the war is inevitable. The principle of industrial autonomy carries with it the care and charge of the unemployed. Now, while the war rages, is the time to organise each industry so that every man who belongs to it shall of right be a partner in it. And, being a partner, he shall be entitled to permanent maintenance. No longer, even if National Guilds be as yet unrealisable, must we allow the profiteers to claim that they have the first charge on the assets of any industry in times of industrial depression. The Prime Minister talks of political partnership with Labour. That is merely filling the belly with the east wind. Industrial partnership comes first. But we can only achieve this partnership by securing an industrial autonomy which can put both profiteer and politician in their proper positions.

As these two factors sink into their appropriate insignificance, and the great business of production sets in to redress the balance of war-waste, function, which is trained capacity applied to its true purpose, must assert its dominance in our economy. Thirty years ago, I thought that the State was the legitimate heir of the great industry. I thought that it would come into its own by virtue of its political power. In my youthful enthusiasm I failed to see that economic power, now as always, can mould the

State to its own purposes. As the years passed, I saw our hopes crystallise into a vague Labourism that finally withered at the touch of economic power striking through politics. The permanent hypothesis put it to hypnotic sleep. Always the acceptance of the commodity theory of labour, expressing itself in a thousand subtle ways, was Labour's undoing. The baleful influence of that permanent hypothesis reacts upon science, literature, art, and religion. We must reject it, that Reconstruction may usher in an era of real partnership in fruitful production.

CHAPTER XII

A Lecture on National Guilds

18*th March* 1915

A TRADITION has endured for several hundred years that the mediæval guilds fostered a passion for liberty and resisted oppression. It is not now my purpose to argue whether this tradition is founded on fact or fiction. I content myself with the observation that a tradition that has been handed down from generation to generation has probably some solid foundation. These guilds were associations of craftsmen and artisans, masters and journeymen, to protect their craft and trade interests. They gave to the townsman the same personal independence that the English yeoman had acquired by other means. Observe that both masters and journeymen were united in one common purpose. It is very important to remember, in this connection, that the masters of that period were of a different *status* from the masters of to-day. The coming of the "great industry," the concentration of mechanical production, and the consequent congestion of population completely changed the relations that formerly obtained between masters and journeymen. They ceased, in fact, to be masters and journeymen and

became employers and employees. The employers gradually ceased to be " masters," in the Guild sense of the word, becoming exploiters ; that is to say, they ceased to work at the bench with the journeymen and apprentices, as did the " masters," but bought labour, at a price, and sold the products of the labour they had bought, at a profit.

In this way, the interests of the exploiters and the workers gradually diverged, so that to-day they are actually antagonistic. The old-time master has developed a different *status* ; masters and workmen are no longer of one class. The actual result is that we are now in the throes of a desperate and devastating class struggle. There is no longer economic harmony. It follows—does it not ?—that if we are to revive the Guild spirit and again organise Guilds, on lines appropriate to existing industrial conditions, we must exclude the exploiters if we are to secure a genuine community of interest.

It is interesting to observe that the meaning of the word " master " has changed with the changed conditions. To-day the words master and employer are synonymous. Thus, you will see in our daily and weekly papers hundreds of advertisements offering for sale all kinds of businesses. If a butcher has saved some money, or can get the necessary credit at the bank, he may become the master or employer of a drapery or grocery or any other business. The nexus or bond between him and the employees is purely monetary. He may know nothing about the business he has purchased, depending upon the skill and honesty of an overseer or foreman or manager to bring him in a return upon the capital he has invested. This is not

an unusual incident; it is very common. For example, if I invest £1000 in some joint-stock business, I am an employer to the extent of my thousand pounds. I may know absolutely nothing about the business, even less than the butcher knows about drapery, but I am in the master class.

In the days of the guilds, the word "master" carried a very different meaning. While, no doubt, he was the medium of employment for the journeyman and apprentice, to be a master in those days meant "a master of the trade." It signified that he had graduated through the various grades, finally becoming so proficient that he could undertake jobs on his own account, and teach apprentices the "craft and mystery," of which he was really (not financially or nominally) a master. To-day, we have reached the monstrous and paradoxical condition that the "masters" of the trades and crafts are the bond-servants of the employers. Need I remind you that an industrial system, so circumstanced, must be in extremely unstable equilibrium?

I do not want to inflict upon you an economic lecture. Let me, then, try to tell you in simple language how this remarkable change has been induced. I have seen bills and invoices of mediæval, and even much later, dates, wherein the disbursements for labour were separately accounted for. Nor was any profit added to the wage payments. The master of those days did not regard labour as one of the commodities he was selling to the purchaser. He would buy some commodity, leather or iron or bricks or stone, and add to their cost a profit based upon his personal service in the transaction. Then he would charge for his own labour,

at a higher rate than that paid to his journeyman, and with that he was content. It never occurred to him to class human labour in the same category as inanimate commodities. Probably, if he thought about it, he would regard such action as impious, because he sincerely believed that our bodies were temples of the Holy Ghost, and to reduce the work of these temples to the level of leather or bricks would have been to invite the displeasure of Almighty God.

I suspect, too, that he would have thought it dishonest to charge more for the labour he had engaged than the actual amount paid. But since the advent of the great industry, labour and materials have all been clumped together in the cost of the finished product and a profit added to the sum total. In this way, in the course of time, we have gradually been taught to believe that labour is one of the various commodities that an employer assembles to complete some manufactured article.

Now it is of vital importance that you should grasp the true significance of this modern conception of labour. You may perhaps say that it does not matter so long as you secure a purchasing capacity equal to your needs. Believe me, you can make no greater mistake. Either you put yourselves, your living pulsating personalities, into your work, or your labour is an impersonal quality independent of your individualities. This latter view is held by your employers. They pay you so much money every week, called wages, for this impersonal commodity, which they call labour. They affirm that, having paid you the price of your labour, you have no interest or concern in the product of your labour. If, however, your own

personalities go into the product, then it is obvious that the payment of wages is merely a trick to defraud you of your property in the finished product. For how can your personalities, your individualities, your unmeasured efforts, your very souls, be calculated in a weekly wage ?

But we need not soar into ethics. Let us confine ourselves to the simple fact that so long as you sell your labour as a commodity—your right to your labour passing with its sale—you can never obtain a purchasing capacity equal to your needs. For this reason : If your labour be regarded, and dealt with, as a commodity, it will obey the law of supply and demand, and the price, that is the wage, will fall to the lowest competitive level. You cannot therefore secure a purchasing capacity equal to your needs, because your purchasing power will be reduced to your barest necessities. Let me quote from an open letter addressed to the Trades Union Congress of 1913 by *The New Age*. You will find it on p. 289 of a book called *National Guilds* :

" A wage is not a salary ; it is not even pay ; nor is it remuneration. Salaries and pay and remuneration are for individual services rendered. Individuality, the human element, enters into these rewards for services rendered ; but wage is the market price of a commodity called labour. It is an impersonal thing, not human, not inhuman, rather non-human. This labour is found inside your bodies and in your hands and arms and legs and muscles, just as ore is found in the earth or fruit on a tree. Being discovered inside you, the men who want to exploit it, precisely as they would exploit

any other commodity, buy it from you as they buy ore from landlords or corn from farmers. If it be scarce, then the price of the labour commodity is high ; if it be plentiful, its price is low. In Europe in general, and Great Britain in particular, labour is plentiful, and, accordingly, it can be bought at a price that merely ensures its continuance—that is, at a price that enables you to live and to reproduce yourselves, daily by food and yearly by children. In its callous disregard of the sanctities of life, modern capitalism is only matched by the slave-owners of previous generations."

This system, based upon the conception of labour as a commodity, is known as the wage-system, or wagery. You sometimes hear the phrase " abolition of the wage-system." Fundamentally, it means the rejection of the theory—or shall we call it a working hypothesis ? —that labour is a commodity. Strong language is not necessarily strong argument, but do I overstate the truth when I declare that wagery is devilish and inhuman ?

You agree with me ? Good ! I should be surprised if you did not. There were slaves who did not want emancipation. They were slaves in spirit as in body. If you are wage-slaves in spirit as in body, then I had better go home quickly and consider how I can exploit you. But I know that beneath your apparent acquiescence in the wage-system lurks the spirit of freedom and not of servitude. If to this spirit of freedom you will add a reasoned determination to end wagery, once and for all, then we can proceed with the argument.

I have remarked that the *status* of the old-time master changed with the coming of the great industry. He gradually ceased to be a master of his trade and became a master of men. He no longer worked side by side with the journeymen, thinking their thoughts and speaking their language. He gave up living " over the shop " but removed to some respectable suburban quarter, where his children took on different habits, acquired a different speech, and intermarried with their own newly created class. His workmen, who were formerly his companions and his intellectual equals, worshipping at the same shrine, gradually were segregated into " working-class districts." In other words, whilst the *status* of the master was raised, the *status* of the workmen was both relatively and actually lowered. The master, having now become an employer in the modern sense (being able to purchase labour as a commodity), had no personal interest in the wage-earners as men and brothers.

It will hardly be denied, I think, that the creation of a wage-slave class has a psychological and social relation to these changes of *status*. If a man is foolishly willing to sell his labour as a commodity, he cannot be regarded—and rightly cannot—as in the same class as a man who (things being as they are) wisely insists upon exploiting somebody else. Make no mistake about it : to be a wage-earner is not honourable but dishonourable. The wage-earner, by accepting wages, limits his opportunities for expansion and subjects his family to every kind of oppression and suppression—economic oppression, social and spiritual suppression. We often hear some employer say that he was never so happy as when he was a wage-

earner. It is cant ; he can always return to the class from which he escaped. But he never does. He is not such a fool. I suggest to you, then, that your objective must be a change of *status*—a change from wagery to partnership in the products of your labour. And this change is only possible when you are economically strong enough to decline to sell your labour as a commodity.

Before we proceed to discuss how you can successfully resist the pressure put upon you to continue in a state of wagery, let me point out that the final disappearance of a wage-class would mark a gigantic stride towards the realisation of a real democracy. The politicians constantly assure you that we are the most democratic people in the world. The democracy they envisage is the equality of the vote. " One man, one vote," they cry. As though that was democracy ! Of course it is nothing of the kind. It is as spurious and artificial as is the democracy of America or France. The final test of a real democracy is to be found in social and industrial life. But we know that the candidate's wife who kisses your children at election times would never dream of entertaining them or you in her own home, even though her husband, like you, has only one vote. We know that if one of your sons wanted to marry one of her daughters, she would revolt at the bare suggestion. Why ? Because, although she wants your vote, she most assuredly (voicing her husband's views) does not contemplate that social equality which can only come out of your economic equality with her.

But your political leaders tell you that, since you have the vote, you can achieve this equality. I

am sure you would if you could. The plain truth is that you can't. Why? Because our political life is in itself insubstantial; it is the reflection of that which is substantial, namely, economic power. History proves that every liberating movement has been first based on the acquisition of economic power. Those trade masters of whom I have spoken, first became powerful in industry, and then broke through into the political preserves of the nobility. It is worth remembering that your class helped them. To seek economic power through politics is to pursue a mirage. Seek first industrial power, and political power will be added unto you. This is what *The New Age* writers mean when they so constantly assert that economic power precedes and dominates political action. They cannot reiterate that primary truth too often.

Now, even if you were reasonably content as a wage-class, I should nevertheless want to see your class abolished, because I believe that a living and unsleeping people is the hope of the world. Your masters want you to be contented, sleek, and well-fed. They do not exploit you and oppress you because they hate you. Not in the very least. They wish you well. Life for them, materially at least, is easy and well-ordered. But whilst they are quite willing and, just at present, anxious to yield to you many reforms, they certainly do not contemplate with equanimity the prospect of losing control over your labour power. Anything but that! It is, however, this control over your labour that completely nullifies your efforts towards achieving a real democracy. Why do I want a democracy? I could easily write a long book in giving all my reasons. I will now only give two.

First, because I want the experience of everybody in some effective way articulated, so that our national life may grow to its full stature. Secondly, because the great working mass of our population is the reservoir of our national life. Out of it we draw our genius, our thinkers, and our workers. Our present industrial system poisons the reservoir and so imperils our national safety and future.

It is curious that the political leaders, who enthusiastically favour and court democracy in politics, reject the idea of democracy in industry. They tell us that democracy in industry spells anarchy; that it is the negation of discipline; that we cannot afford the inevitable increase in the cost of wealth production that would result from a democratic industry. They conveniently forget that the existing system is the most wasteful that can be conceived; that rent, interest, and profits absorb a wickedly disproportionate amount of the national dividend; that commercial competition is an economic extravaganza. What is more to the point, they quite wrongly assume that discipline and economy are repugnant to the democratic idea.

I do not resent these wrong conceptions, because they are too silly to be seriously considered. As a matter of fact, the dangers all lie in precisely opposite directions. An industrial democracy may become too disciplined; it may become too thrifty and economical (witness the Co-operative movement); it may even become conservative in its methods. But experience will rectify any errors in these directions. Against these dangers we may set the certainty that an industrial democracy will not only insist upon good work but will know how to get it. The best judge of good work and of good

foremanship is the workman himself. Give him half a chance, he makes himself a competent artisan ; give him a fair chance, he becomes a craftsman. Even to-day (we are liable to forget this) the work of the nation is done by workmen and not by exploiters and capitalists. It is done in the factories and workshops and not in offices and counting-houses.

I need not, however, argue the case from theoretical democracy ; the wage-system is so cruel, so wasteful, so exhausting, that, apart from theory, it must be abolished. And now I come to the practical question : How can we abolish it ? Please do not think me dogmatic and narrow, if I tell you, with all possible emphasis, that there is only one way under the sun. And that is to acquire the monopoly of your own labour power. How can you do that ? By organisation. I do not think that I shall offend any Trade Unionists who may be here (I trust you all belong to your proper Unions) if I affirm that your present methods of organisation are inadequate and almost futile. Why, you can barely prevent your wages being reduced ! You were not strong enough to stop the passage of the Insurance Act. When free education was adopted, you were not strong enough to prevent a correlative decrease in your wages. During the past decade, prices have advanced and profits grown to bloated dimensions, whilst the purchasing power of your wages has actually fallen. I do not doubt that your fatal and premature plunge into politics has cost you dearly. Your grip upon industry has weakened, and for every Labour member you have elected you have lost a million sterling annually.

Without labouring any of these points, it suffices

to say that you are not yet so strongly organised that you can secure a monopoly of your labour power. You are often told that your employers, adopting the principle of the Roman Emperors, divide you and so conquer you. I wish that were true. The true truth is that you divide yourselves and so remain subject to the wage-system. The employers could not divide you if you were really determined to be unified. But the Trade Unions are exclusive when they ought to be inclusive; they are sectional when they ought to be comprehensive. You have, in times by no means remote, had little quarrels about the delimitation of work. That was not due to the intrigues of the employers; on the contrary, they thought your strikes on these questions a downright nuisance and regarded you as fools. They repeatedly said so. And, saving your presence, they told the truth.

The time, then, has come for the Trade Unions to reorganise with the view of embracing every worker in their several trades. Every clause in their constitution that excludes, that limits, must be swept away, as you would clear out rotten timber from an old house. When the old-time masters drew away from you and founded a new class in British Society, the gap between you and them was filled by a nondescript class whom we now described as "lower-middle class." This particular section of our population is a misery to itself and a nuisance to everybody else. It is too poor to associate with the employing class and too imitative of the employers to associate with you. It is like a half-breed class in a community of whites and blacks. So far as you are concerned it is worse than a nuisance;

it is a menace. It is composed of clerks and petty tradesmen. It largely supplies the teachers in our national schools. It fetches and carries for capitalism. Until you open wide your doors and compel it to come in, you cannot reckon upon its support and you are thus effectually prevented from securing your labour monopoly.

To secure that monopoly you must have one strong Union or Federation for each of our industries. And instead of numbering two and a half million members, you must control an army of fifteen millions. Mr. and Mrs. Webb and their Fabian coterie assert that this is Utopian. It is perfectly feasible. The labour you have put into the organisation of your existing Unions in the past is far greater, having regard to former difficulties and disabilities, than is required for your new task. I beg you to begin.

And now suppose that, by waving our wand, this task could be accomplished to-morrow morning. What then would be the situation? You would certainly have secured a monopoly of your own labour power. The next question is how to apply it. You have two objects in view. First, by declining to sell your labour as a commodity you enter into partnership, either with the present possessing classes or with the State. Your second object is more difficult. Remember that in the nature of the case you become the predominant partner, for not only does your labour monopoly give you power in workshop and factory, but political power automatically follows. Your second objective, therefore, will be to run the industrial machine. The responsibility undoubtedly devolves upon you.

How will you set about it? I suggest that knowledge is still power; that you will wisely call to your aid all the scientific and technical knowledge that is now stored up in the minds, books, and associations of the scientists and technicians. You will want them, and you must make it easy for them to live with you. The problem of the technical administration of industry is not so simple as of the lower-middle class. I have often heard labour advocates declare that they could do quite well without our administrative and technical men. No doubt you could—in time. But why waste time? And I suggest that, whilst your own technical skill was being developed, you might make an unholy mess of things. No, no; for Heaven's sake, don't grow cocksure because you have your labour monopoly. That way madness lies. And that brings me to my definition of National Guilds. A National Guild—again I quote from the book I mentioned—" is the combination of all the labour of every kind, administrative, executive, productive, in any particular industry. It includes those who work with their brains and those who contribute labour power. Administrators, chemists, skilled and unskilled labour, clerks—everybody who can work—are all entitled to membership. This combination clearly means a true labour monopoly."

I have once or twice mentioned the word " partnership." I meant it. There is no alternative between wagery and partnership. Either you sell your labour power for a mess of pottage, called wages, or you insist upon your fair share in the control as well as the product of your labour. The first is wagery; the second is partnership. But partnership with whom?

A partnership with the present possessors is conceivable—barely conceivable. You might agree to pay them so much annually for a term of years, partly for the actual assets you take over, and partly in consideration of their experience. But you would very soon be at hopeless odds with them. The wage-system would be gone, and it would be difficult to provide a fund for the purpose. You see—do you not?—that it is only by the payment of wages that a dividend or profit is procurable. But there is a much more serious obstacle to that particular form of partnership. It would mean the extinction of State power for all practical purposes. The State would certainly not permit that. Neither would I if I had the power to prevent it.

Anyhow, ultimately your partnership will be with the State. On what terms? Naturally you don't want the bureaucrat poking his nose into your business. The suggestion is that the State should be the trustee in the matter, nominally owning all the land, machinery, and other assets, and then chartering these assets under guarantees to their suitable Guilds. And in exchange for its charter, the Guild must pay to the State its proper share of State expenditure. In this way we reach a true counterpoise between the State and Industry. I hope that you will agree with me that, as these National Guilds are of vital concern to the community, the community, through the State, must be represented adequately upon the executives of the Guilds. But I do not want to go into details. They are a matter for practical discussion. I want only to gain your acceptance of the principles that underlie our proposals.

CHAPTER XIII

Some Affairs of the Spirit

An Address to the National Guilds League. Annual Conference, 8th April 1917

We have very properly, at this our annual conference, concerned ourselves with the practical matters that affect our organisation and the purpose which called our League into life. It is desirable, as it is inevitable, that we should, from time to time, consider our domestic arrangements, adapting our action to our means and necessities, and seeking a voluntary discipline compatible with our principles. Nor have we forgotten that larger organisation of Society which it is our main purpose to achieve. I apprehend, however, that none of us is content to contemplate a merely mechanical reconstruction. Doubtless there is something attractive in Greek symmetry of form, pleasing to the eye even if it does not appeal to the spirit. But when we have constructed our building, with due regard to outline and aspect, there remains the problem of the internal arrangements—the furniture, the pictures, the colour scheme. We would surely not be at the trouble to erect a noble edifice unless we intended to discard the stuffy Victorian furniture, substituting for

it richer appointments, obedient to the demand of a new spirit. It may be well, therefore, if we turn aside for a short time from our immediate practical problems and examine whether, in fact, a new spirit governs our activities and informs our motives.

Whether we are destined to fail or to succeed, it is certain that we have set out on no mean adventure. To transform Society by abolishing wage servitude—a change logically involving the disappearance of the existing master-class—is profoundly to change civilisation, if not to create a new civilisation altogether. But such a deep-rooted change can only be possible by the extirpation, finally and for ever, of the capitalist spirit and tradition. And that, please observe, depends not on an outward change in the structure of Society but on a change of heart. We must not only reject the commodity valuation of labour, the foundation of the wage-system ; we must break away from that Capitalist ideology around which modern civilisation has crystallised. It is evident that unless the fusion of servitude and class-dictatorship into a common citizenship changes our manners, there is no appreciable conversion of civilisation, no spiritual advance. A change in our manner of thought and action, a change in our manner of life, must come out of the economic change to which we are pledged, and for which this National Guilds League has been constituted. But this spiritual change must be reasoned and conscious, and therefore we must understand the traditional morality by which Capitalism justifies itself.

A distinguished member of our League—Mr. W. Anderson, of Glasgow University — has recently analysed, with characteristic thoroughness, the pre-

vailing Capitalist ideology. "We are not done with a class," he says, "when we have recognised its place in the economic system. We have certainly not thereby put ourselves in a position to estimate its relation to possible social changes."- Mr. Anderson looks to the social variations in status of institutions and customs that express the predominance of the economic interests to discover the ideology of the period. Inasmuch, however, as there has never been, and can never be, a proletarian economic predominance, it is not possible to evolve a proletarian ideology. Whatever ideals move the wage-earners, as such, must have been acquired from the Capitalist environment. This, in fact, is the Marxian position ; the nature of a class is gauged by the civilisation which it dominates. There can therefore be no class ideology peculiarly proletarian, for the proletariat is not really a class but a mass of individuals who are not owners of capital, who, according to our current moral conceptions, are failures. It follows that it is extremely difficult, if not impossible, to estimate the character of a civilisation based on the economic emancipation of the wage-earners, for history yields no clue, whilst in respect to the other classes "whole epochs are at our disposal." At the best, we can only glimpse certain tendencies, a nascent revolt against capitalist morality in certain limited directions. If we look at the actions and professions of Labour's political leaders, for example, we cannot but be struck with their pious devotion to middle-class morality. A simple instance, pertinent to our own propaganda, is that any and every attempt to raise wages is merely an imitation of a Capitalist rise in prices ; it is an acceptance of Capitalist morality.

A movement, however, to change the nature of the wage relation would in some degree involve a change in Capitalist ideology. It would therefore seem that, at the present stage, the proletariat is negative in the ethical sphere just as it is passive in the economic sphere. Mr. Anderson says that proletarian ideology has yet to be " created." It may be so ; but only to disappear in a larger moral conception due to the merging of the proletarian class into the community as a whole.

In our search, then, for another code of manners built upon new spiritual perceptions, we must look to a reaction from the present Capitalist ideology rather than to the indefinite tendencies and inarticulate revolts of the proletariat. It is precisely at this point that we incur our debt to Mr. Anderson, who has exposed the true meaning of the Capitalist ideology. He finds that " the great exemplar of the consumer and true representative of all consumers is the Capitalist himself." At first blush this seems surprising, but on reflection I think we must agree that Mr. Anderson is right. The true note of Capitalism is not what it produces but what it consumes. It carries the productive processes away captive that they may minister to the appetites—and the grosser appetites at that. " The consumer," he tell us, " is typically the man who expects that his wants will be satisfied, and thinks that they ought unconditionally to be satisfied, because they are his wants. If they are not satisfied, he considers he is either being robbed by man or ill-used by God." But you cannot be a consumer (over and above the minimum requirements necessary to continue living) unless you can control production

either as a Capitalist in possession or unless you have a certain purchasing capacity which you derive as a Capitalist, or by performing certain services to the Capitalist as a member of the salariat. Incidentally, at this point, it is worth noting that, on this hypothesis, we can only detach the salariat to the extent that we transfer its interest in consumption to its more vital interest in production. I have not the time now to pursue the argument; but if Mr. Anderson be right, as I think he is, the real industrial struggle is not so much between Labour and Capital as between Production and Consumption, the Capitalist being the consumer's protagonist. Let us briefly consider the moral implications.

Having long since discarded the religious theory that our only object in this life is to prepare for the next, and that to accumulate riches, to live softly, is a positive hindrance in our pilgrimage to Heaven, Western Europe in general, and Great Britain in particular, being convinced that "election" is by grace and not by ballot, that the means of grace are by faith and not by good works, it occurred to our pious ancestors that it would be for the benefit of mankind to exploit the world. They reasoned that if they could acquire wealth by courage, abstinence, patience, pertinacity, honesty, industry, these and kindred virtues, plus the tangible result, would at least be a sign of grace, even though a just God, moved by celestial considerations, might withhold "election" and consign to Hell. The Calvinist theology, in fact, seems to be the fountain-head of that bourgeois morality by which Capitalism justifies itself. To succeed in this, it was obviously necessary to procure

labour, it mattered not in what form—slavery or wage-serfdom—the moral object being more pleasing in the sight of God than any possible injustice or hardship inflicted upon the labourer, who, after all, would not be a labourer did he but possess the Capitalist virtues. In the fullness of time we see the Capitalist, as his riches accumulate, concerning himself more with the acquisition of power, more with his spending capacity, gradually divorced from those very virtues he claimed as a sign of grace, and finally sinking into a parasitic condition, whilst retaining, by means of wagery, control over production. For we must not forget that the essential virtues are evolved, not in the exploitation of man by man, but of nature by man. The main business of Capitalism to-day is to instil these virtues into the proletariat and then to exploit them in its own interest. But the virtues by which it sets such store are now inherent in Labour as the productive factor in Society.

The moral question that confronts us in this connection, I think, is this: Are we in revolt against the virtues necessary to the struggle with Nature, or is it against the bourgeois morality that subdues these virtues to its own ends?

The answer to the second alternative is clear: by abolishing wagery we ham-string the bourgeois morality, and that settles it. But the first alternative is not so easily disposed of. Every rebel looks with suspicion not only on the Capitalist result, but with equal suspicion upon the virtues, qualities, aptitudes —call them what you will—which brought about that result. Thus, Mr. Anderson quotes Lafargue to the effect that the claim to the right to work is middle

class and that the proletarian must insist upon the right to be idle. I regret that I do not know the degree of idleness that would satisfy Lafargue's theory, although I doubt if he himself ever spent an idle moment. We all know the story of the Weary Willie whose mate extolled the idle life of the Tropics. "You lie under a coco-nut tree, and when hungry or thirsty you just put out your hand and grab a coco-nut," he was told. "I thought there was a catch in it somewhere," replied Willie; "you have to put out your hand. See?" But Lafargue's contrast cuts deep into more than one problem. Assuming, as we must, that Capitalism expresses itself in consumption, and as Labour in its turn expresses itself in production, we may expect that once Labour is quit of wagery it will produce commodities, not under the duress of the consuming Capitalist, but on its own terms, and in accordance with its own conception of wealth and its own creative instincts. Thus we touch a new moral issue for the future Guilds. "Shall we make this thing?" they will ask. "Then how does it affect our lives, not only economically but morally?" In this way we reach the problem posed by Ruskin as to what is wealth and what illth. I must resist the temptation to pursue this line of thought, enticing though it be. I will merely remark that I believe the British artisan to be the finest craftsman in the world, if he acquires the liberty to obey his instincts. He will make good things supremely well; evil things he will reject. Here we discover, I think, a future sharp divergence of Guild from Capitalist ideology. Not art for the rich or for the poor, nor art for art's sake; but the spirit of the

true and the beautiful entering into our industrial life; production no longer a grinding burden but a pleasure, limited only by Nature and our necessities.

There is an important inference to be drawn from the hypothesis that consumption is essentially Capitalist in its nature. We use the word loosely, and that robs it of any precise definition. Thus it is necessary to consume that we may produce. In constructing an engine, for example, all the assembled parts have first to be produced before they are consumed in the engine. It is within our recollection that the free traders and tariff reformers wrangled over this point and never reached an agreement. But labour, regarded as a commodity, also enters into the construction of the engine in the same sense as the other commodities. It follows, therefore, that as the engineers must ensure a constant supply of engine parts, so too they must maintain a constant supply of labour. This they accomplish by paying wages for the sustenance adequate to the particular quality of labour they require. And just as they pay a high price for special qualities of material, so too they pay a higher wage to obtain the best quality of the labour commodity. This, of course, is the kernel of the economy of high wages. It is historically true that these high wages have largely been secured by trade-union organisation, so much so, indeed, that we are not wide of the mark in regarding organised labour as skilled labour. Nevertheless, Capitalism, recognising its economic advantage, has long since accepted the principle. But in seeking a definition of Capitalist consumption, we properly rule out all the consumptive processes prior and necessary to the completion of

the finished product, whether it be an engine, a mansion, a pair of boots, or *paté de foie gras*. Therefore, and this is the inference, the maintenance of labour by wages is a productive and not a consumptive process. Our critics, I think, overstress the danger to the consumer arising out of the Guild control of production. But if wage expenditure, in all its gradations, be really a charge on production, it follows that we get a new conception of consumption as being a claim upon or a control of all the finished products that are consumed, not by labour (conditionally upon its continuing to produce) but by Capital as the effective assertion of its economic power. It becomes, in short, a wide interpretation of what the lawyers call "amenity." When we reach that stage in the argument, we are brought up with a salutary jerk by those ethical considerations to which I have alluded. For amenity is obviously a way of living, a varying conventional standard of conduct, and therefore subject to moral judgment. Capital to-day demands of Labour that it shall contribute to the amenities of the possessing classes; Guild principles demand quite different canons of conduct, quite other conceptions of amenity.

Lafargue's dictum, however, calls for some criticism. We not only accept, but welcome and insist upon the right to leisure; the right to develop all those faculties not called into play in our industrial occupations, the right to social intercourse. An unleisured, overworked democracy is a contradiction in terms. We do not seek economic emancipation that we may work harder, but that we may work better. And that is only possible to a democracy capable of a dignified and

fruitful leisure. But by what canon of conduct shall we secure our right to leisure, to be idle, if so minded? A resort to discipline does not solve the problem: for the exercise of discipline evokes as many difficulties as it solves. Some new principle must operate; a new relationship must be established between the individual and the community, between the individual and the Guild. There is nothing socially cohesive in discipline; unless watched with vigilance, it is the negation of liberty. The principle we seek must be, not the negation, but the complement of liberty. I think we shall find it in a new conception of function. I apologise for adding another word to our Guild terminology, but in reality it is not new. Sixty years ago, Ruskin realised that function is the primary element in our social and economic life. He applied it, in a famous passage, to the five great intellectual professions. After defining the functions of these professions, he added: "And the duty of all these men is, on due occasion, to die for it." A little remote, perhaps, from our immediate question, but nevertheless function and the duty attached to it clearly set out without any reservation whatever: faithfulness to function even unto death.

Señor de Maeztu puts function in a modern and more philosophic setting. Our claim upon the community is not that we are human beings, alive and kicking; that is a personal, a subjective, right which he rejects. It is only as we are true to our function of creating values that we are really citizens. I quote a short paragraph:

"In this need to limit the subjective rights of men and of human associations, the functional principle

will find its main practical support. It is the very logic of things, as much as the logic of its theory, which will make it triumph. Humanity cannot acknowledge in perpetuity and unconditionally either the rights of Rockefeller to his millions, or those of the Brazilian Government to absolute sovereignty over the immense unexploited wealth of the Amazon Valley, or those of the Kaiser to set the world on fire. In order that the vast mass of men may enjoy security and sufficiency in a limited world, all subjective rights must be made subordinate to a right of a superior origin."

Thus, if Señor de Maeztu be right, Weary Willie has no claim upon the community merely bcause his mother bore him ; he must buck up and do something. And it also follows that our right to leisure is strictly determined by our loyalty to our companions in creating social values. Señor de Maeztu regards as the supreme values, moral satisfaction, scientific discovery, and artistic creation. Man and his associations and institutions rank next, whilst the creation of economic values, power, wealth, pleasure, are placed on a yet lower grade. I will not argue such a large theory here, nor must I be taken as accepting it without reservation, but it is obvious that the moral issues raised vitally relate to the moral problems of a free and untrammelled production. They would seem, indeed, to complement each other.

I have endeavoured very briefly to suggest that we have developed a body of doctrine already so definite as to justify a confident forecast that Guild morality must be fundamentally different and distinct from that Capitalist ideology which Mr. Anderson has ruth-

lessly analysed and exposed. But we must remember that intellectual life not only enters into our moral conceptions, but is otherwise so infinitely precious that we must be very sure that Guild organisation does not restrict its freedom. Indeed, that is a negative way of stating it. Say rather, we must be very sure that Guild life stimulates and enriches our intellectual activities.

One aspect of Guild organisation excites some foreboding. The centralisation of the direction of industry implied in the Guild Congress must not, even indirectly, involve the enslavement of learning, or any kind of economic pressure, however unconscious, upon the intellectual life. It is becoming a dangerous commonplace that industry knows no frontiers. Capitalism knows none, but it by no means follows that our sense of locality, our local pride, should be killed to oblige the profiteers. We cannot permit economic centralisation to rob us of the intellectual values arising from an informed and alert local life. Not only may literature suffer in this, but art too in all its phases—painting, music, craftsmanship. History as a teacher is as misleading as it is subtle; but one lesson can be drawn from it with complete assurance that where military or religious or economic power has become centralised, intellectual life is endangered. Greek civilisation never made that mistake, with the result that we are thrilled with the story of its several intellectual centres — Athens, Corinth, Constantinople, Alexandria, Carthage. The Roman rulers, impatient of diversities in philosophy and religion, sought to impose a mechanical unity, beginning with the Council of Nicea, wading through the blood of the martyrs, and finally ending its first phase in the alliance of

Charlemagne with the Pope. The ensuing centralisation destroyed every vestige of intellectual life and liberty, science being submerged in superstition. When Charlemagne died in 814, every kind of human activity was centralised in his Court, every idea, every opinion of which he disapproved, was remorselessly destroyed. The century succeeding his death is the darkest in the annals of Europe, intellectual life, such as it was, being only preserved in the free communities under Arabian sway, notably the University of Cordova. Even in our own times there are men living who can remember when Dublin and Edinburgh maintained their own unique intellectual independence, now fatally poisoned by a combination of Capitalism with an uninformed, shallow and irresponsible Press.

Yet it is certain that, once released from the cursed grind of a merciless wagery, men in every centre of the country will turn to the intellectual and artistic, as tired travellers who have happily reached the wells. Let us see to it that it be the constant care of the Guilds to develop local life, applying the advantages (if advantages they be) of economic centralisation to sinking spiritual wells, from which may spring those local patriotisms that guard effectually our intellectual liberties and substantially add to the content of the arts and sciences.

I end as I began. Ours is a great adventure, a crusade fortified with enduring principles, vitally necessary to our national health, and assuredly well worth our devotion and sacrifice. Let us be humble in the knowledge of our blindness to so much that our message holds, but very proud of our privilege to pioneer the way.

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